

MONTENEGRO











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Montenegro's main hazard exposure (World Bank, 2021) is to floods and earthquakes. Flooding affects 10,000 people annually on average and causes an average of US\$90 million in damage to the national gross domestic product (GDP). During the last 20 years, Montenegro has experienced six destructive floods; the three largest took place in 2000, 2010, and 2011. Earthquakes on average affect 9,000 people and cost US\$70 million in GDP annually. In addition, Montenegro is susceptible to heavy rainfalls, flash floods (typically in urban areas), landslides, and wildfires. These events impact settlements, industrial facilities, and agricultural lands. River valleys are relatively small but contain the largest settlements. Over half (60 percent) of the population lives in urban settlements. Montenegro's GDP comes mainly from services, with a small portion generated from industry and agriculture. The Strategy for Disaster Risk Reduction elaborates upon all possible risks affecting the territory of Montenegro











COVID-19 impact

The first confirmed COVID-19 case in Montenegro (IMF, 2021) was reported on March 17, 2020. After experiencing multiple waves of infections, the number of active cases has been steadily declining since mid-March 2021. The first cycle of the epidemic in Montenegro was declared as having ended on 2 June 2020. The second cycle started on 14 June when the first new case of COVID-19 being contracted was discovered.

The first vaccinations were administered in late February 2021, and by June 30 around 22 percent of the population had received two doses of the vaccine.

As of February 2022 (georank 2022), over 228,000 cases were confirmed (36,719/100k), over 2,700 cases were active (434/100k), over 223,000 had recovered (35,835/100k) and there had been over 2,600 deaths (427/100k).









Fiscal and social protection measures

Several Covid-19 response packages were adopted by the Government of Montenegro. The overall measures include (i) wage subsidies; (ii) one-off support to the vulnerable population; (iii) tax deferrals; (iv) support for new employment; (v) one-off support for firms to implement e-fiscalization; (vi) domestic travel vouchers for health and education workers; and additional measures for the tourism, catering, and agriculture and fisheries sectors.

On social assistance, a one-off amount was provided in each of the four economic packages, for material security beneficiaries (korisnika materijalnog obezbijeđenja) and premiums to agricultural producers. One-off payments to lowest social pensions and utility waivers were also provided.

On social insurance, a series of measures were taken on pensions complements and unemployment benefits and social security contributions for agricultural professionals, whereas on the labour markets the focus was on wage subsidies.









Structure of subnational governments

Montenegro (OECD/UCLG, 2019) has a one-tier system of local government, comprising 24 municipalities (opština) of which 22 are local administrative units, and two are urban municipalities (i.e., the Capital City of Podgorica and the Historic Royal Capital of Cetinje). In 2011, the Montenegrin government adopted the 2011-2016 development strategy for inter-municipal co-operation, along with the 2011-2013 action plan. Municipal assemblies may establish inter-municipal communities in order to perform, in a more economic and efficient manner, certain affairs related to public administration and public service delivery. Additionally, the "Regional Development Law" divided the country into three regions for statistical purposes but they do not have legislative or other power.

Documentation of how governments in Europe and Central Asia have responded to disasters and crises through subnational social protection systems

Case study: Montenegro

Towards a disaster response through subnational systems allowing for effective response to the economic and social needs of children and their families, including though social protection measures

Mihai MAGHERU, February 2022



1. Introduction

Part of a broader documentation of how governments in Europe and Central Asia (ECA) have responded to disasters and crises through subnational social protection systems, the case study of Montenegro has several stakes:

- The governance system in the country looks simple since it has only one tier of local governments, in a small country and with a reduced number of municipalities (24). This gives an opportunity to understand the challenges in such settings, bearing in mind the realities on the ground might be more complex than expected.
- The overall social protection system is relatively strong but requires extensive reform to maximize its potential. This is in a context where Montenegro is in a process of accessing to the EU and previous assessments indicate the need to reconsider the overall anti-poverty and social inclusion measures. The Ministry of Finance and Social Welfare engaged, with UNICEF support, in a nationally led roadmap of reforms in social and child protection.
- Relatively mildly affected by COVID-19 in terms of health impact but severely affected economically (two digits fall in GDP largely due to losses in tourism), the Governmental response was quite consistent with a broad diversity of preventive and protective measures.

These specificities have an important knowledge generation potential and may serve for the sharing of good practices and lessons learnt. This is mainly due to a context where the **structure of the subnational governments** is relatively simple in nature, with quite a significant role of the municipalities both in terms of social protection (SP) and disaster risk management/reduction (DRM/R). However, **the relatively centralised SP system with deconcentrated** administrations should be considered.

2. Provision of social protection by subnational governments within a centralised and deconcentrated national SP system, uncoordinated with the local governance

Montenegro's social protection¹ system delivers comprehensive social assistance and child protection and care support through the: (i) basic material benefits in social protection and (ii) fundamental material benefits in child protection.

In terms of institutional configuration, the **Ministry of Finance and Social Welfare** (MoFSW) is responsible for drafting and monitoring policies for social protection, including economic assistance, disability support and social care services.

The ministry was created in 2020 when the former Ministry of Labour and Social Welfare was merged into the Ministry of Finance. The MoFSW is responsible for policy design and implementation through the Centres for Social Work, the Public Institutions of Social and Child Protection, and the Institute for Social and Child Protection.

The **Centre for Social Work - CSW**² is a public institution under the policy guidance of MoFSW deciding on the social and child protection rights in accordance with the law. It is established only by the state, as a public institution. It may be established for the territory of one or more municipalities. Further requirements of organization, norms, standards and methods of work of the CSW are prescribed by the competent state administration authority.

The CSW is in charge of: (i) conducting an assessment of the current situation, needs, strengths and risks of beneficiaries and other persons related to the beneficiaries, (ii) assessing eligibility of the guardianship, foster and adoptive parents, (iii) elaborating and monitoring individual services plans, (iv) deciding in the first instance on applications for the exercise of social and child protection rights, (v) undertaking measures, initiating judicial and other proceedings and taking part in them, (vi) keeping records and taking care of keeping records of beneficiaries; (vii) performing other duties.

In the absence³ of a legal mechanism ensuring the coordination between the municipal governments actions in the area of social protection and the mandate of the CSW, the **municipalities** develop local SP strategies and services on a random basis. SP tasks are likely to be organized either as part of "Secretariats of Culture, Sports and Social Activities" as it is the case for the small **Municipality of Kotor**, or within the core administrative bodies of the municipality, with a dedicated "Secretariat of Social Welfare" as it is the case for the big and wealthy **Municipality of Podgorica**, the Capital of Montenegro. Both examples are illustrated in section 6.

Key social assistance benefits in Montenegro include: (i) Financial support, (ii) Care and support allowance, (iii) Personal disability allowance, (iv) Parental or guardian's allowance of the personal disability beneficiary, (v) Health protection, and (vi) Funeral costs. In addition, the Child Protection Benefits focus on care and support to children from vulnerable backgrounds and tackle vulnerability, poverty, destitution, and exclusion, and they include: (i) Child allowance, (ii) Costs of nutrition in preschool institutions, (iii) Benefit for a new-born child, and (iv) Assistance in upbringing and education.

3. Simplicity of emergency, preparedness and response within an articulated DRM/R system facilitated by the size of the country

Montenegro has⁴ the necessary emergency management legislation in place to regulate the management and functioning of the rescue and protection system.

The **Ministry of Interior** is responsible for the management of emergencies. In this system, the Law on Rescue and Protection of 2007 and its amendment form the central legal backbone for any work in emergency preparedness and response (EP&R) in the country. Gaps in the legal framework include a law to regulate volunteer engagement (such a law was drafted but deemed unsuitable) and a law to guide the work of the Mountain Rescue Services.

Montenegro has adopted a Strategy for Disaster Risk Reduction for 2018–2023; but to effectively move from response-concentrated habits to a culture of prevention and preparedness, it needs to implement the strategy further and become more aware of DRM/R in general. **Rescue and protection plans are defined at three levels: national, municipal, and operational**.

Preparedness plans at the municipal level need to be strengthened. On paper, agencies are required to have detailed plans on their state of preparedness, but a lack of capacity and knowledge has thus far hindered the development of contingency plans. Recently, more attention has been given to improving the quality and compliance of operational response plans.

The **Directorate for Emergency Management (DEM)** aims to increase its inspections in this regard but

lacks knowledge and capacities for doing so. The EP&R system in Montenegro has appropriate delegations of authority in place. For all actors, it is clear and accepted that the DEM is the main coordinating body and focal point in country.

The country's small size facilitates the simplicity of the EP&R system with a national, an operational, and a municipal level. When needed, local municipalities can request additional disaster response support from the national system, either through the operational team or by sending a request through the 112 Operational Communication Centre. Coordination could be further enhanced by regularly testing and validating of these procedures.

The municipalities organise their own Protection and Rescue Services performing the following responsibilities: (i) providing assistance to jeopardised and harmed population, (ii) firefighting and rescue in case of fire, (iii) rescue from ruins, landslides, and avalanches, (iv) rescue in case of floods and other natural disasters, (v) rescue in mountains and canyons, (vi) rescue during traffic accidents, (vii) rescue during crashes and accidents in civil aviation.

4. The current legal and institutional setting of DRM/R and SP systems is not propitious for articulation and cooperation between the systems at subnational level

The two systems work in parallel and there is no legal and policy provision formally articulating their cooperation, while local cooperation and articulation might occur randomly, depending on goodwill of the respective stakeholders.

From a DRM/R perspective, at a strategic level⁵, there is a need for focused activities in the following four priority areas of the Sendai Framework: Priority 1: Understanding the risk of disaster; Priority 2: Strengthening disaster risk governance for better disaster risk management; Priority 3: Investing in disaster risk reduction to strengthen community resilience; and Priority 4: Improving disaster preparedness for "building a better system than before disaster" in the process of rehabilitation and reconstruction. Regarding strengthening the community resilience (Priority 3), a local mechanism articulating all sectors in DRM/R, including the social

sector, would consolidate the necessary efforts to achieve this goal.

From a SP perspective, on one hand, the national system of SP is centralised and relies on the deconcentrated units at local level (CSW). In the absence of a mechanism articulating the cooperation of SP and DRM/R sectors at central level, the local level CSW are not considered in the plans and processes managed by the DEM. On the other hand, the decentralised social protection action at the level of municipalities not only is randomly organised throughout the country, but there is no evidence that SP units (secretariats) and DRM/R units (services) of the municipality would be expected to collaborate whatsoever.

5. A complex and extended COVID-19 related social protection response by the Government of Montenegro, exclusively coordinated and financed at central level

At national level, according to the World Bank "living paper" Montenegro ranks quite high⁷ in the region in terms of number and diversity of SP measures, with a total of seven core groups of measures. The details of these measures are presented in the annex and can be consulted on a continuous basis in the regularly updated version of the living paper. The purpose of this section is to set out the framework of measures taken by the Government of Montenegro and further corroborate the information with the field findings.

Here below are listed the core measures by the three components of social protection:

Social assistance: (i) cash transfers, (ii) social pensions, (iii) utility waivers:

Social insurance: (i) pensions, (ii) unemployment benefits, (iii) social security contributions.

Labour market: (i) wage subsidies.

6. Implementation approaches and practical models of action during emergency and crisis, particularly at subnational level

While the **qualitative** analysis⁸ only considered a few interviews in each of the five countries⁹ selected for case studies, the collected information and the triangulation with data and information emerging from the desk review allowed for summarising some interesting examples of action.

Moreover, UNICEF Montenegro has embarked on supporting the Government of Montenegro in further development of the social assistance and social and child protection services in Montenegro, by elaborating a nationally led roadmap of reforms in the area. This could inspire further consolidation of subnational governments SNG response in the area of SP.

A hybrid secretariat for social protection

In the Municipality of Kotor, the tasks of the Secretariat of Culture, Sports and Social Activities involve managing relations and ensuring the implementation of laws and regulations in the area of culture, social and child care, sports, education, media, health, archival, library, publishing and other areas of social services in the scope of legal authority, and the extent of their importance for the development of municipality and the exercise of direct interest to the local population.

The Municipality of Kotor took some SP measures as a response to the COVID-19 pandemic, while also acknowledging that main contributions and responsibilities in the area of SP should be covered by the CSW. A small touristic city, prone to frequent floods, Kotor was mainly affected in terms of tourism related businesses shut-down which required punctual financial support to the most affected but also fiscal measures, mainly related to tax exemptions. Regarding the most vulnerable groups, the municipality put in place hotlines and outreach volunteer teams in order to provide in-kind support, particularly to elderly and vulnerable families with numerous children.

The hybrid model gathering under the same umbrella a series of "social-related" activities has proved to be efficient because of: (i) the interdisciplinary approach in identifying the beneficiaries, (ii) the complex response by cross-sectoral teams, and (iii) a better communication among the sectors of interest.

A secretariat for social welfare

In the Municipality of Podgorica, the capital of Montenegro, the tasks of the **Secretariat of Social Welfare** are mainly focused on monitoring and enforcing laws and regulations adopted on the basis of laws in the area of: social and child protection, protection of persons with disabilities, protection of war veterans and civilian war invalids, exercising gender equality; minority rights; spatial planning and construction of structures in regard of providing alternative accommodation for owners of illegal facilities and other regulations related to exercising the administrative body's functions; giving opinions on draft laws and proposals of laws and other regulations and planning documents in these areas.

Home of about a quarter of the Montenegrin population, Podgorica is a city where several vulnerable groups benefit from the services of the Secretariat of Social Welfare. During the COVID-19 pandemic, the following groups¹⁰ continued to receive the same support as pre-COVID-19, because the social workers of the secretariat did not identify significant worsening of their situation that would have required additional or different support: the victims of gender-based violence, the largest share (61.2 per cent) of the total number of registered unemployed, persons who declare themselves as Roma, with over 60 percent of them being women, the people in detention – overcrowded detention conditions, the LGBTIQ+ population facing significant stigmatization, discrimination and hate speech, exclusion and violence inside and outside their homes.

A roadmap of reforms¹¹ in social protection

A set of 15 reforms has been adopted by the MoFSW with UNICEF support within a roadmap, spanning from 2022 to 2025. The roadmap considers actionable steps at five levels: (i) legal and policy, (ii) design, (iii) implementation, (iv) systems, and (v) monitoring and evaluation. Reform #14 is focused on making the social protection system shock-responsive and strengthening it to provide preventive support (precrisis) for cyclical or anticipated shocks as well as protective support (post-crisis) for shocks that erode the productive or coping capacity of households.

At **legal level**, the envisioned actions are focused on: (i) Explicitly highlighting the role of social protection in the Disaster Risk Management and Response Framework as the primary instrument for disaster risk management - especially identifying vulnerable groups, providing cash-based assistance, and other services. (ii) Recognizing the role of social protection in shock - response in the Law on Social and Child Protection. (iii) Eliminating the design & implementation nuts and bolts details such as benefit value, PMT thresholds for eligibility and other such details from the Law, which may benefit from more frequent revisions to enable greater flexibility, (iv) implementing mechanisms and provisions in the Law that allow the temporary relaxation of eligibility criteria or increases in benefit values for fixed periods post-crisis, (v) considering a simplified process to secure permissions from rightsholders to access their data to deliver emergency support (with processes and triggers for these requests stipulated in the humanitarian response framework).

At **design level**, the envisioned actions are focused on developing a humanitarian cash framework or emergency response guidelines that identify triggers and categories of responses to guide the level of emergency benefits and the role of social service providers during crisis preparedness, management, response and recovery. The framework is to include: (i) levels and triggers for a cash-based response, and (ii) coordination framework and guidelines for service-based responses for government and nongovernment service providers, including coordination between these agencies.

At **implementation level**, the envisioned actions are focused on developing delivery systems with multiple payment options (cash in hand, bank payment, other forms of e-payments) for cash-based support and protocol to implement child and social protection services.

At **systems level**, the envisioned actions are focused on enabling flexibility in identifying emergency support recipients based on a "severity of poverty" approach to prevent exclusion during crises.

At **M&E level**, the envisioned actions are focused on introducing and implementing an accountability framework for monitoring the provision of emergency support, its adequacy, and lessons for improvement in future crises through strong feedback loops.

7. Learning from experience and moving further towards an effective response to the economic and social needs of children and their families, including though social protection measures by subnational governments

The review of available documentation and the information shared by the key informants at central and local levels indicate that in the current legal, policy and institutional configuration of DRM/R and SP systems in Montenegro, there is a need for consistent reform and adjustment. This will allow for a better articulation between the systems and more effectiveness and efficiency at local level. The reforms currently envisioned for the near future are a great opportunity to make the necessary adjustments and bring broader coherence and complementarity.

Subnational governments at municipal level, are, at least in theory, best placed, to respond to the needs of vulnerable families with children, on a regular basis and in crisis and emergency contexts. However, the identified gaps in (i) legal and policy, (ii) design, (iii) implementation, (iv) systems, and (v) monitoring and evaluation levels require thorough and immediate action in order for the Montenegrin municipalities to be able to respond to shocks and crises.

Subnational governments should be considered as more reliable allies within the national strategic efforts of poverty reduction and fighting social exclusion, by building the institutional bridges between the state's de-concentrated services and the municipal decentralised ones. Moreover, the municipalities possess a thorough (and irreplaceable) knowledge of the needs on the ground, and their rapidly adaptive capacity is high. Nonetheless, the current heterogenic configuration of the municipal services in the area of social protection does not seem propitious to ensure this articulation yet.

Considering the Union of Municipalities of Montenegro 12 (UOM) role in developing and improving the legal system and the position of the local governments, accomplishing mutual cooperation between local governments in order to address the local population's interests, and cooperating with international organisations of local governments and other international organisations, its involvement might be envisioned in addressing the above issue of heterogeneity and to contribute to consolidating a decentralised system of social protection at municipal level, well-articulated with the national one.

Annex: summary of COVID-19 related SP measures

In terms of social assistance:

- 1. Cash transfers: Nearly 8,500 beneficiaries of material security (korisnika materijalnog obezbijeđenja) received a one-off amount of EUR 50. For this purpose, the government spent EUR 429,650, involving 8,593 beneficiaries. Within the second package, the government implemented an advance payment of a part of premiums to agricultural producers and additional support for the year's production. With the increase of the 2020 Agrobudget, the funds for this measure of non-refundable support were also increased, so that 80% of the paid funds in 2020 exceeded the amount of 2019 support. As part of the second economic package, the government also introduced a one-off payment of economic support to 183 professional fishermen who were holders of a license for commercial fishing at sea. As part of the third package, there was EUR 8 million for one-off cash assistance to beneficiaries of material support. One-time financial assistance in the amount of EUR 200 was provided to the families of material security beneficiaries and veterans' material security beneficiaries in summer 2020.
- 2. **Social pensions**: Within the first two economic packages (March 19th 2020), nearly 11,900 pensioners receiving the lowest pension received a one-off amount of EUR 50.
- 3. Utility waivers: Subsidies for electricity bills for the duration of the measures to socially disadvantaged households were approved for electricity bills that ranged from 30% to 50% of the bill amount. These direct reliefs, covered 21,272 customers in April, with a total budget of EUR 277,516. The government also implemented the suspension of coercive measures of disconnection from the network as well as showed tolerance towards customers who had debt settlement concerns, and were not able to comply due to the pandemic.

In terms of social insurance:

- 4. **Pensions**: Within the second economic package, the government implemented an extraordinary payment to the beneficiaries of the elderly pension. This meant two payments of EUR 64.41 for 3,419 beneficiaries, involving a total budget of EUR 440,000. The benefit was extended for a second one off cash transfer of EUR 50.
- 5. Unemployment benefits: Within the second economic package, the government provided a one-off assistance in the amount of EUR 50 to all unemployed persons on the records of the Employment Agency of Montenegro, who do not receive any social transfers. According to a report published by the government, there were 17,157 beneficiaries, which involved a total budget of EUR 857,850.
- 6. Social security contributions: Within the second economic package, the government introduced the payment of contributions to insured persons based on agriculture. All contributions have been paid for 528 agricultural insured persons who regularly pay contributions, in the total amount of EUR 163,099. Each insured person received EUR 308.90, which consisted of EUR 185.34 of personal contributions and EUR 123.56, paid by the Ministry of Agriculture and Rural Development. This measure was granted for six months. There was a postponement of payment of taxes and contributions on salaries as well as obligations according to the Law on Reprogramming for up to 90 days as of June 30th 2020. According to the Tax Administration, the total amount of deferred liabilities on this basis was EUR 45 million.

In terms of labour market:

7. Wage subsidies: Within the first economic package, the government launched subsidies of 50-100% of employees' wages. These measures were implemented to protect formal workers, as well as to support new employment. As of June 2020, this measure involved a cost of EUR 33.2 million for over 64,000 employees. Within the third economic package, the government decided to extend wage subsidies for the months of July, August and September to firms, companies and entrepreneurs operating in the area of tourism, catering and public transport. It was estimated that this initiative implied a budget of EUR 4 million on a monthly basis, i.e. EUR 12 million for the duration of the measure.

References

- ¹ Economic Policy Research Institute (EPRI), 2021, Assessment of the social protection system in Montenegro
- ² Law on social and child protection ("Official Gazette of Montenegro", Nos. 027/13 of 11 June 2013, 001/15 of 5 January 2015, 042/15 of 29 July 2015, 047/15 of 18 August 2015, 056/16 of 23 August 2016, 066/16 of 20 October 2016, 001/17 of 9 January 2017, 031/17 of 12 May 2017, 042/17 of 30 June 2017, 050/17 of 31 July 2017)
- ³ According to the consultations carried out by EPRI 2021, Op. Cit., "There is no legal mechanism that mandates coordination between municipal government and CSW, and there are high levels of duplication across services. Consequently, the policymaking process is highly collaborative on paper, but intersectoral collaboration and coordination remain a challenge in practice. As a result, gaps and overlaps in development planning and policy are likely".
- ⁴ The World Bank and the Global Facility for Disaster Reduction and Recovery (GFDRR) 2021, Diagnostic Report Emergency Preparedness and Response Assessment in Montenegro, financed by the European Union in the framework of the Western Balkans Disaster Risk Management Program, managed by the Global Facility for Disaster Reduction and Recovery and the World Bank, one of five Ready2Respond (R2R) analysis reports commissioned by the World Bank and conducted by Prepared International (PPI) to assess the emergency preparedness and response capacities of five Western Balkan nations.
- ⁵ Regional Cooperation Council, 2019, Report on the preparation of post-2020 strategy in Montenegro
- ⁶ Gentilini U., Almenfi M.B.A.; Blomquist J.D.; Dale P., De La Flor Giuffra L., Desai V., Tharmaratnam Fontenez M.B., Galicia Rabadan G.A., Lopez V., Marin Espinosa A.G., Natarajan H., Newhouse D.L., Palacios R.J., Quiroz A.P., Rodriguez Alas C.P., Sabharwal G., Weber M., Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures (May 14, 2021) COVID-19 Living Paper Washington, D.C.: World Bank Group.
- ⁷ During the inception phase the SP measures were mapped for all the 22 countries in the region. Three categories/groups of countries were identified, by the number of measures taken: seven countries with 3 to 5 measures, eight countries with 6 to 8 measures and another seven countries with 9 to 11 measures (none were take all the 12 possible measures). Hence, Montenegro is part of the second group of countries.
- ⁸ A full methodological approach including an annex regarding the field research are available in a separate Inception Report.
- ⁹ During the inception phase, a set of criteria was set in order to select a group of maximum five countries to carry out the case studies. These criteria were agreed upon with UNICEF ECA Regional Office and the Country Offices of selected countries and can be found in the Inception Report. The countries are: Albania, Bosnia and Herzegovina, Montenegro, Ukraine, and Tajikistan.
- ¹⁰ UN / Joint SDG Fund, 2021, Rapid Social Impact Assessment conducted by UN agencies in Montenegro with the financial support of UNICEF and UNDP under the programme "Activate! Integrated Social Protection and Employment to Accelerate Progress for Young People in Montenegro".
- ¹¹ MoFSW & UNICEF, 2021, Roadmap of reforms: Social assistance and social and child protection services in Montenegro A nationally led roadmap of reforms in social and child protection
- ¹² Assembly of European Regions (AER), 2018, Regionalisation in Montenegro: not regions, but municipalities #RoR2017 the Union of Municipalities of Montenegro.

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Disclaimer

Any views, opinions and recommendations presented in this case study are solely those of the author and do not necessarily represent those of the of the Government of Montenegro or UNICEF in Montenegro.

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