



Ministry  
of Finance and  
Social Welfare



# THE SOCIAL BENEFITS STUDY

for priority amendments to the  
Law on Social and Child Protection

# **The Social Benefits Study**

## **for priority amendments to the Law on Social and Child Protection**

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## List of abbreviations:

<b>GDP</b>	Gross domestic product
<b>CSW</b>	Centre(s) for social work
<b>CA</b>	Child allowance
<b>CAA</b>	Care and assistance allowance
<b>(I)SWIS</b>	(Integrated) Social Welfare Information System (E-Social Card)
<b>OCA</b>	One-off cash assistance
<b>SB</b>	Social benefit
<b>FA</b>	Family allowance
<b>MFSW</b>	Ministry of Finance and Social Welfare
<b>MARD</b>	Ministry of Agriculture and Rural Development
<b>MLSW</b>	Ministry of Labour and Social Welfare
<b>NCA</b>	New-born child allowance
<b>CBA</b>	Childbirth allowance
<b>APG</b>	Allowance for a parent or a guardian of the beneficiary of personal disability allowance
<b>TA</b>	Tax Administration
<b>EBS</b>	Electricity bill subsidy
<b>MS</b>	Preschool institution meal costs
<b>FC</b>	Funeral costs
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Programme
<b>EAM</b>	Employment Agency of Montenegro

## 1. Introduction

The purpose of social and child protection is to provide protection to families, individuals, children at risk and persons in social need, i.e. to ensure social inclusion. Protecting poor and vulnerable households from the effects of a crisis, as well as caring for potential new beneficiaries of social and protection entitlements, requires a better approach. In that regard, targeting and adequate social benefits are of particular importance, as is improved monitoring of the social assistance needs of new poor and vulnerable groups, who may be disadvantaged only temporarily.

The quality of social and child protection also depends on the institutional capacities of primary service providers – centres for social work (CSWs). That is why the government, in cooperation with UNDP (United Nations Development Programme), launched a project to develop a Social Welfare Information System (SWIS) – Social Card. The project owner on behalf of the Government of Montenegro is the Ministry of Labour and Social Welfare (MLSW), while UNDP is in charge of its implementation. Starting from 1 January 2015, the information system has been operational in all centres for social work, their branch offices and the relevant ministry.

The Social Welfare Information System – Social Card – is one of the fundamental pillars of the system reform that has significantly improved the way centres for social work operate, as it has supported all the business processes and enabled the creation of a single “social card” for each citizen included in the social welfare and child protection system. Within further development of the Social Card project, i.e. the implementation of phase II, the Integrated Social Welfare Information System (ISWIS) was introduced and it included all social and child protection entitlements (basic social benefits and social and child protection services, as well as war veteran disability-related entitlements). The system is operational in all centres for social work and all institutions of social and child protection.

The SWIS improved social protection capacities to plan, monitor and manage social and child protection. The Social Card is an instrument used for targeting, provision, monitoring and control of assistance to families and individuals and, at the same time, serves the public interest by improving primarily the quality of the social welfare and child protection system. Ultimately, those who need assistance the most, and those are beneficiaries of the social and child protection, actually benefit the most from the Social Card. The beneficiaries are no longer subject to difficulties and costs resulting from the process of collecting the documents required to become eligible for assistance. Instead of them, it is the SWIS that collects evidence through the automatic exchange of data with the information systems of other institutions and for all members of the applicant’s family. The system thus allows exclusion of those beneficiaries who do not meet the requirements for social assistance (eliminates the error of inclusion – persons and families who received family allowance but did not meet the requirements set by the law), i.e. it does not allow individuals to receive the family allowance unless all the requirements for it are met. In addition to this, the SWIS carries out audits and checks data on a monthly basis (employment, new income, whether a beneficiary has died, etc.) and stops payments, contributes to the accuracy of information about beneficiaries and makes savings of budget funds possible, to be used for those who need social assistance the most. .

The introduction of the Social Card made possible, among other things, the following:

- Improved targeting of funds and reduction of costs for social benefits (fairness and efficiency)
- Reduction of system administration costs
- Security and availability of data from the social welfare system

- Improvement of overall services provided to citizens, especially to vulnerable and at-risk categories of the population
- Provision of data relevant to the management of the social welfare system and social welfare policy making.

An analysis and a simulation were carried out by using the SWIS, with the aim of defining a proposal for amendments to the Law on Social and Child Protection and correcting the so-called error of exclusion, i.e. to increase the family allowance coverage for persons and families who are in social need and who, due to strict legal requirements, are not eligible for that entitlement (and other related entitlements) in accordance with the applicable legal criteria, as well as to increase the amount of means-tested social benefits.

The study examines the error of exclusion through an analysis of: rejected applications for the family allowance (FA); FA beneficiaries unable to work; multiple benefits; and the social and economic situation of persons with disabilities, i.e. beneficiaries of the personal disability allowance.

### 1.1. Subject matter of the analysis

The subject matter of the analysis is the preparation of proposals for priority and financially sustainable amendments to the Law on Social and Child Protection. The analysis was prepared by UNDP and commissioned by the Government of Montenegro, and it is entirely based on the data and simulations generated through the SWIS business intelligence (BI) module. The analysis offers an overview of social benefits in the introductory chapter, while the subject matter of the analysis covers the following items:

**Who are those citizens in social (financial) need who are not eligible for the family allowance due to rigorous legal requirements?** By analysing the rejected FA applications filed by citizens, the analysis offers an insight into the so-called error of exclusion of citizens from the social protection system. These are citizens who considered themselves to be in social need and applied for the FA at the CSW, but were rejected because they did not meet the restrictive criteria (assets, income) prescribed by the law. This part of the analysis was conducted with the aim of relaxing the criteria through amendments to the Law on Social and Child Protection, that is, with the aim of adjusting these so that this entitlement covers more broadly those who need this assistance the most.

As regards error of exclusion, the financial situation of **FA beneficiaries unable to work** was also analysed for the first time, with specific recommendations to increase the amount of the FA or to correct the adequacy of this benefit, with a presentation of additional necessary budget allocations.

For the first time, the study also provides an analysis of **multiple benefits**, i.e. an analysis of beneficiaries with entitlements to multiple benefits at the same time, as well as an analysis of the **financial situation of beneficiaries of the personal disability allowance**.

Finally, because of the current situation, an analysis of the trends with **one-off cash assistance (OCA)** was given as an indicator of the impact that the crisis has had on the financial situation of citizens. That segment of the analysis offers an overview of applications for OCA, filed both by beneficiaries receiving social benefits and by people who are not.

## 2. Social and child protection

The goal of social and child protection is to improve the quality of life and empower individuals and families to live independent and productive lives. It is implemented in line with strategic documents, which define the long-term goals and priorities of the development of social and child protection. Strategic documents include measures and programmes that need to be implemented to improve social and child protection. They are defined by the Government of Montenegro and local governments in the form of local action plans. Measures and programmes can be implemented by the state, local governments, as well as by service providers.

Funds for measures and programmes are provided from the national budget and the budgets of local governments and service providers. Social and child protection activities are performed by licensed social and child protection institutions, which can be established as public or private ones. Funds to perform activities and ensure access to social and child protection entitlements are provided in accordance with the Law on Social and Child Protection.

### 2.1. Social and child protection entitlements

According to the Law on Social and Child Protection, the social and child protection entitlements include:

- **Basic social benefits**
- **Social and child protection services.**

Basic social benefits (SBs) are divided into the social protection benefits and child protection benefits.

**Basic social protection benefits** include:

1. Family allowance
2. Personal disability allowance
3. Care and assistance allowance
4. Health care
5. Funeral costs
6. One-off cash assistance
7. Allowance for a parent or a guardian of the beneficiary of personal disability allowance

while **child protection benefits** include:

8. New-born child allowance
9. Child allowance
10. Pre-school institution meal costs
11. Assistance for education of children and young people with special educational needs
12. Refund of salary compensation and salary compensation for maternity or parental leave
13. Childbirth allowance
14. Refund of salary compensation and salary compensation for part-time work

Table 1 gives an overview of the funds paid for SBs in 2019, by each social benefit and the average number of beneficiaries on a monthly level. The table shows that a total of **€58,187,945.82** was paid for basic social benefits from the budget of Montenegro in 2019.

**Table 1:** Total paid funds for social benefits in 2019<sup>1</sup>

TOTAL PAID FUNDS FOR SOCIAL BENEFITS WITH AVERAGE NUMBER OF BENEFICIARIES IN 2019					
No.	Social benefit	Number of families (entitlement holders)	Number of family members	Number of children	Amount (€)
1	Family allowance	8,827	29,619		10,352,602.07
2	Personal disability allowance	2,599			5,735,248.55
3	Care and assistance allowance	17,379			14,768,930.89
4	Health care	774			
5	Funeral costs	596			208,361.48
6	One-off cash assistance				99,324.04
7	Allowance for a parent or a guardian of the beneficiary of personal disability allowance	2,157			5,478,893.24
8	New-born child allowance	538			772,242.64
9	Child allowance	7,383		14,483	4,540,500.39
10	Pre-school institution meal costs	750			259,031.10
11	Assistance for education of children and young people with special educational needs	299			357,208.60
12	Refund of salary compensation and salary compensation for maternity or parental leave	1,929			12,427,453.71
13	Childbirth allowance	3,179			3,021,244.63
14	Refund of salary compensation and salary compensation for part-time work	26			166,904.48
TOTAL					<b>58,187,945.82</b>

## 2.2. Division of social benefits with regard to insurance

Depending on the grounds of entitlement, the social benefits within the social and child protection system can be divided into insurance-based social benefits and non-insurance-based social benefits. The part that is insurance-based includes income received through pension and disability insurance.

<sup>1</sup> Due to the specific nature of the category, the overview does not show the benefit for mothers of three or more children, which amounted to €731,593.15 (benefit and contributions) for the reference month (December 2019), i.e. around €8,779,117 per year for 2,271 beneficiaries, or in total with the abovementioned benefits: €66,967,062.80.

## 2.2.1. Pension- and disability-insurance-based social benefits

Pension- and disability-insurance-based social benefits include:

- Refund of salary compensation and salary compensation for maternity or parental leave
- Refund of salary compensation and salary compensation for part-time work

A total of **€12,594,358.19** was paid for pension- and disability-insurance-based social benefits in 2019, which is 21.64 percent of the total funds paid for SBs.

**Table 2:** Funds paid for insurance-based SBs in 2019

TOTAL PAID FUNDS FOR SOCIAL BENEFITS WITH AVERAGE NUMBER OF BENEFICIARIES IN 2019					
No.	Social benefit	Number of families (entitlement holders)	Number of family members	Number of children	Amount (€)
12	Refund of salary compensation and salary compensation for maternity or parental leave	1,929			12,427,453.71
14	Refund of salary compensation and salary compensation for part-time work	26			166,904.48
TOTAL					<b>12,594,358.19</b>
Total paid funds for SBs in 2019					<b>58,187,945.82</b>
Share of insurance-based SBs out of total funds allocated for SBs					<b>21.64%</b>

## 2.2.2 Non-insurance-based social benefits

Other social benefits are not insurance-based. Table 3 gives an overview of non-insurance-based social benefits with the amounts paid out in 2019 and the average number of beneficiaries on a monthly level. Due to the specific nature of the category and the time-limited character of the entitlement, we did not include the benefit for mothers with three or more children (Law on the Enforcement of the Decision of the Constitutional Court of Montenegro - OGM 31/17) in the overview. Around €9 million was allocated for this benefit for 2,271 beneficiaries in 2019.

**Table 3:** Funds paid for non-insurance-based SBs in 2019

TOTAL PAID FUNDS FOR SOCIAL BENEFITS WITH AVERAGE NUMBER OF BENEFICIARIES IN 2019					
No.	Social benefit	Number of families (entitlement holders)	Number of family members	Number of children	Amount (€)
1	Family allowance	8,827	29,619		10,352,602.07
2	Personal disability allowance	2,599			5,735,248.55
3	Care and assistance allowance	17,379			14,768,930.89
4	Health care	774			
5	Funeral costs	596			208,361.48

6	One-off cash assistance				99,324.04
7	Allowance for a parent or a guardian of the beneficiary of personal disability allowance	2,157			5,478,893.24
8	New-born child allowance	538			772,242.64
9	Child allowance	7,383	14,483		4,540,500.39
10	Preschool institution meal costs	750			259,031.10
11	Assistance for education of children and young people with special educational needs	299			357,208.60
13	Childbirth allowance	3,179			3,021,244.63
TOTAL					<b>45,593,587.63</b>
Total paid funds for SBs in 2019					<b>58,187,945.82</b>
Share of non-insurance-based SBs in total funds allocated for SBs					<b>78.36%</b>

The table above shows that a total of **€45,593,587.63** was paid for non-insurance-based benefits in 2019, which accounts for **78.36 percent** of the total funds paid for basic social benefits.

## 2.3. Division of means-tested social benefits

Non-insurance-based benefits can be divided into two basic categories:

- **Means-tested benefits**
- **Category-based benefits** (received as a result of belonging to a specific category)

### 2.3.1. Means-tested social benefits

The social benefit that is awarded based on the identification of a family's or an individual's income and assets and financial situation is called the **family allowance**. However, beneficiaries may be eligible for some other social benefit based on this entitlement, as follows:

"... 4) Health care;

*Health care shall be provided to the beneficiary of: the family allowance...*

5) Funeral costs;

*The funeral costs in the case of the death of a beneficiary of: the family allowance...*

6) One-off cash assistance;

*An individual or a family who, due to special circumstances that affect their housing, financial and health situation, find themselves in social need may be entitled to one-off cash assistance.*

9) Child allowance;

*Child allowance may be awarded to a child who is: 1) a family allowance beneficiary...*

10) Pre-school institution meal costs, and

11) Free-of-charge summer/winter holiday and recreation for children;<sup>2"</sup>

With entitlement to family allowance (FA (last resort)), families and individuals can also be entitled other specified social benefits that are not directly means-tested.

In addition to social benefits received under the Law on Social and Child Protection, FA beneficiaries can also receive benefits under the Government of Montenegro's programmes, such as:

- Electricity bill subsidies
- Free textbooks for children from families receiving the FA

Table 4 gives an overview of funds paid in 2019 for the FA and other social benefits received by FA beneficiaries.

**Table 4:** Funds paid for non-means-tested SBs in 2019

TOTAL PAID FUNDS FOR SOCIAL BENEFITS WITH AVERAGE NUMBER OF BENEFICIARIES IN 2019					
No.	Social benefit	Number of families (entitlement holders)	Number of family members	Number of children	Amount (€)
1	Family allowance	8,827	29,619		10,352,603.07
5	Funeral costs	596			208,361.48
6	One-off cash assistance				99,324.04
9	Child allowance	7,383		14,483	4,540,500.39
10	Preschool institution meal costs	750			259,031.10
TOTAL					<b>14,588,172.24</b>

It can be inferred from the table above that a total of **€14,588,172.24** was allocated in 2019 for social and child protection based on asset and income status, which represents only **32.00 percent** of the funds allocated for non-insurance-based SBs (€45,593,587.63) or **25.07 percent** of the funds allocated for all social benefits.

### 2.3.2. Category-based social benefits

Category-based social benefits are granted to people regardless of their income and assets they own. Instead, people become eligible by belonging to a certain group that enjoys special protection, such as persons with severe disabilities, persons who need care and assistance to meet their needs, parents or guardians of these persons, parents or guardians of a new-born child and unemployed parents of a child up to 1 year old. The benefit for mothers with three or more children, which is also a category-based benefit, is not a subject of this analysis.

Table 5 gives an overview of funds paid for category-based social benefits in 2019 with the average number of beneficiaries on a monthly level.

<sup>2</sup> Law on Social and Child Protection (Official Gazette of Montenegro 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).

**Table 5:** Funds paid for category-based social benefits in 2019

TOTAL PAID FUNDS FOR SOCIAL BENEFITS WITH AVERAGE NUMBER OF BENEFICIARIES IN 2019					
No.	Social benefit	Number of families (entitlement holders)	Number of family members	Number of children	Amount (€)
2	Personal disability allowance	2,599			5,735,248.55
3	Care and assistance allowance	17,379			14,768,930.89
4	Health care	774			
5	Funeral costs	596			208,361.48
7	Allowance for a parent or a guardian of the beneficiary of personal disability allowance	2,157			5,478,893.24
8	New-born child allowance	538			772,242.64
9	Child allowance	7,383		14,483	4,540,500.39
10	Preschool institution meal costs	750			259,031.10
11	Assistance for education of children and young people with special educational needs	299			357,208.60
13	Childbirth allowance	3,179			3,021,244.63
TOTAL					<b>31,005,415.39</b>

A total of **€31,005,415.39** was paid in 2019 for category-based social benefits, which is **68.00 percent** of the funds allocated for non-insurance-based SBs (€45,593,587.63), i.e. **53.28 percent** of the funds allocated for all social benefits.

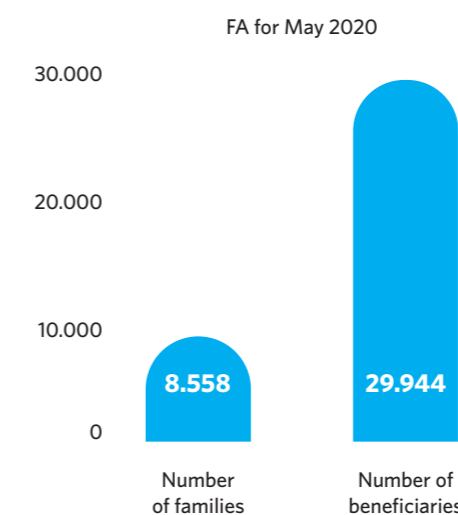
### 3. Family allowance

The family allowance is a means-tested benefit. An individual or a family may be entitled to it if the individual or a family member is:

1. Unable to work;
2. Able to work, provided that: she is pregnant; he/she is a single parent; a parent supporting his/her child or a parent with extended parental rights in accordance with the law; a person who has completed education according to a curriculum with modified implementation and additional professional help or according to a special curriculum; a person who has reached the age of 18, if he/she regularly attends and completes secondary school, until the deadline specified for that level of education; a child without parental care or a person who was a child without parental care, until he/she gets employed for a period longer than six months.

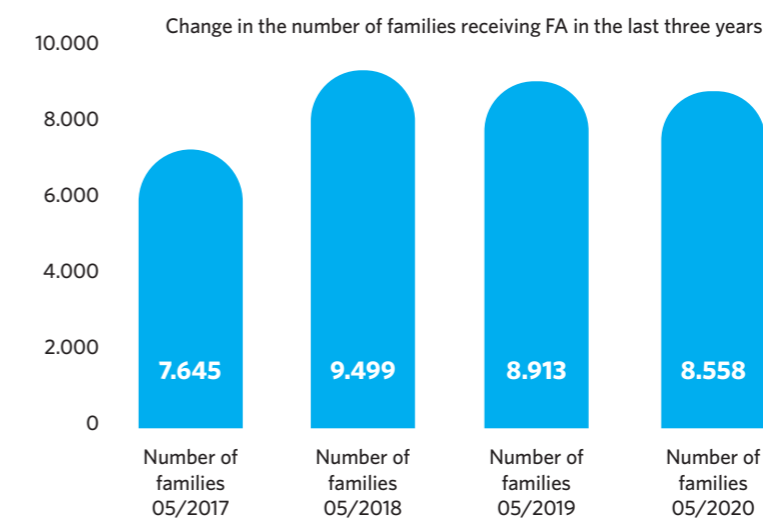
Graph 1 shows the number of families that were entitled to the FA in May 2020, as well as the number of members of those families.

**Graph 1:** Number of families and number of members in those families who received the FA in May 2020



Graph 2 gives the trend in the number of families that received the FA in the last three years..

**Graph 2:** An overview of the trend in the number of families that received FA in the last three years





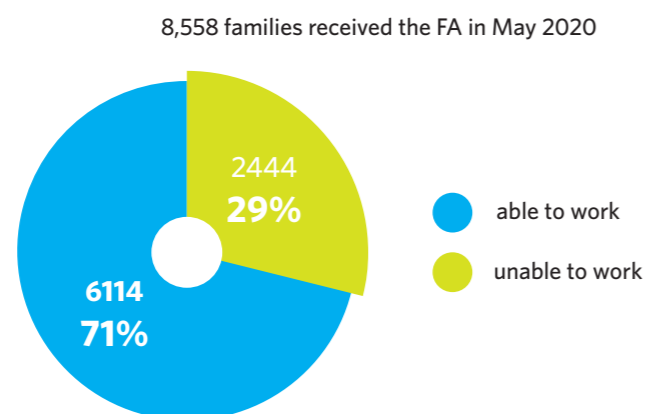
The graphic above shows a sudden increase in the number of families that received the FA in the period from May 2017 to May 2018, which was a consequence of the abolition of benefits for mothers with three or more children. However, the number of families with this entitlement stabilized and recorded a decreasing trend of 6.17 percent in the period from May 2018 to 2019 and 3.98 percent in the period from May 2019 to May 2020. Given the abolition of benefits for mothers, the decrease in the number of FA beneficiaries can be explained by the employment or retirement of mothers who had their benefit abolished, so families lost the entitlement to the FA due to the income they received. As for the structure of the FA, most families have one member (2,221) or five or more members (22,224), while there are 835 two-member families, 1,474 three-member families and 1,646 four-member families.

### 3.1. Family allowance beneficiaries who are able or unable to work

In May 2020, 8,558 families received the family allowance. Since the FA is a family-related benefit, 29,994 people were covered with this benefit in May 2020, which is the total number of those families' members.

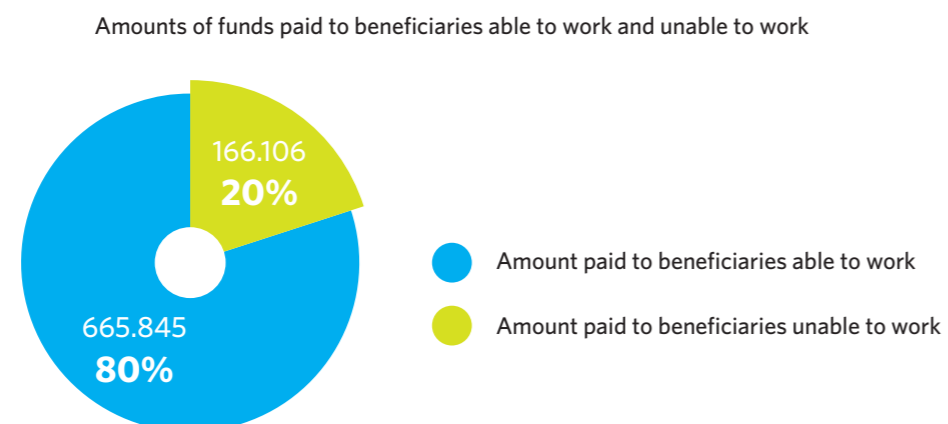
The number of families entitled to the FA for being unable to work is 29 percent of the total number of families, while those able to work account for 71 percent. Most of those able to work became entitled on the grounds of child support.

**Graph 3:** Shares of able-to-work and unable-to-work FA beneficiaries



In all, 26,850 members live in families of those who are able to work, while 3,094 members live in families entitled to the benefit based on their inability to work. As there are fewer members in families entitled to the benefit based on inability to work, and the amount of the FA depends on the number of family members, the funds paid to these families account for only 20 percent of the total amount paid.

**Graph 4:** Shares of funds paid to FA beneficiaries who are able to work and to those unable to work



The analysis focuses on the family allowance for those unable to work and should provide an answer about the structure of the beneficiaries receiving this benefit, the structure of their families, as well as proposals for a possible increase in the amount paid as the FA to those unable to work, in order to improve this benefit's adequacy. The analysis should also give an answer what the amendments or simplifications of the legal requirements for entitlement to the FA are, in order to increase the coverage with this welfare for financially disadvantaged families and thus reduce the error of exclusion.

In order to get these answers, rejected FA applications filed by citizens (from May 2017 to May 2020) were analysed and, based on this analysis, a conclusion was drawn about which legal requirements for receiving the FA should be amended so that a larger number of citizens in social need may be eligible for it. The number of new beneficiaries who would be eligible for the FA after the proposed legal amendments and additional allocations from the national budget that proposed amendments would require also need to be projected.

## 4. The analysis of family allowance beneficiaries who are unable to work

### 4.1. Requirements for entitlement to the family allowance

For an individual or family to be eligible for the FA, income and assets of that individual or family are checked during the procedure.

The law prescribes that an individual or a family may be entitled to family allowance if their average **income for the previous quarter** does not exceed the baseline amounts for FA eligibility, which are:

- €63.50 for an individual
- €65.86 for a one-member family
- €76.20 for a two-member family
- €91.50 for three-member family
- €108.00 for a four-member family
- €120.70 for a family with five or more members.

The law also prescribes requirements for **immovable property** that may be owned by an individual or a family. The requirements are that they do not own:

- Business premises;
- An apartment or a residential building larger than: a one-room apartment for an individual; a two-room apartment for a family with two or three members; a three-room apartment for a family with four or more members;
- Land in an urban or suburban construction area, agricultural land, or commercial forests with an area larger than: 20 acres (2.000 m<sup>2</sup>) for an individual; 20 acres for a one-member family; 30 acres for a two-member family; 40 acres for a three-member family; 50 acres for a four-member family; 60 acres for a family with five or more members; or does not own, or does not use, other land with an area larger than 2 ha.

The requirements for owning **movable property** were also defined for entitlement to the FA. Movable property includes vehicles, machinery and livestock. The requirements are that an individual or a family member does not own:

- A goods vehicle or a passenger motor vehicle, unless the passenger motor vehicle is used for transport of the individual or the family member or a beneficiary of the personal disability allowance or care and assistance allowance;
- Agricultural or construction machinery (tractor, excavator, bulldozer, grader, loader, harvester, road roller, forklift etc.);
- More than two conditional livestock units in a rural area, in accordance with the law, and a conditional livestock unit means a cow, or a bull, or a horse, or two heifers, or 10 sheep, or 10 goats, or five pigs.

In addition to the means-tested requirements, an individual or a family member also needs to meet other requirements in order to be entitled to the FA. They are primarily intended for those able to work, and refer to their **employment status**, labour-related rights and obligations arising from registration as an unemployed person at the Employment Office of Montenegro (EOM). The requirements that an individual or a family member able to work must fulfil are as follows:

- He/she is not employed;
- He/she has not refused an offered job in his/her place of residence, or a professional training, retraining or additional training in accordance with the law, unless at least two years have passed since the refusal;
- The employment was not terminated by his/her own will, with his/her consent or because of his/her fault, due to disciplinary or criminal responsibility, unless at least one year has passed since the termination of the employment or if the inability to work occurred after the termination of the employment;
- The employment was not terminated through mutual agreement and payment of severance pay, the amount of which exceeds 10 average monthly salaries with taxes and contributions in the country, in accordance with the special law, unless at least three years have passed since the termination of employment through mutual agreement and payment of severance pay;
- He/she was not entitled to severance pay based on termination of employment, in accordance with the special law, unless at least six months have passed since that entitlement.i.

In addition to the abovementioned requirements, there are additional requirements related to the identification of income and assets, such as that an individual or a family member has not renounced his/her property inheritance rights, has not embezzled inherited property, and has not entered into a lifetime support contract except with a centre for social work.

### 4.2. Family allowance beneficiaries who are unable to work

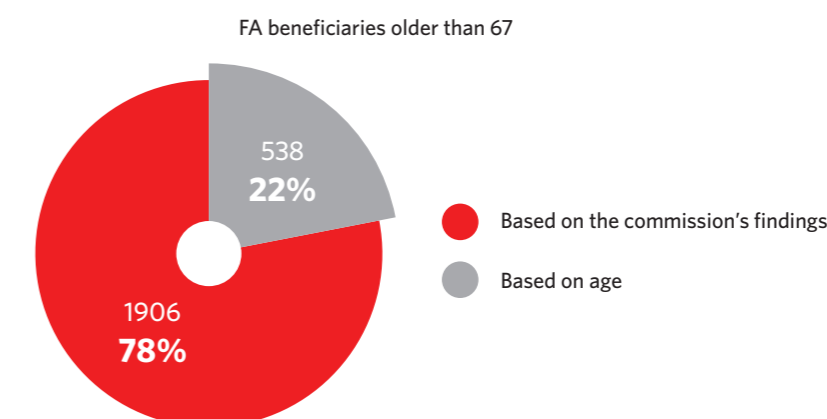
According to the Law on Social and Child Protection, in addition to children, the following are considered unable to work:

- A person who has been determined to be unable to work;
- A person who has reached the age of 67.

When determination of inability to work or disability is required within the family allowance eligibility procedure, the centre for social work establishes these facts based on the findings, assessment and opinion of the social and medical commission.

In May 2020, 2,444 families were entitled to the FA based on their inability to work, which accounts for 29 percent of the total number of family allowance beneficiaries. By analysing the FA beneficiaries who are unable to work, we found out that 538 of them are older than 67, which means that they are unable to work because of their age, while inability to work was determined for the remaining 1,906 beneficiaries, based on the findings, assessment and opinion of the social and medical commission.

**Graph 5:** Shares of beneficiaries unable to work based on their age and the commission's findings



Beneficiaries unable to work based on their age account for 22 percent of the total number of beneficiaries entitled to the FA based on their inability to work.

#### 4.2.1. Beneficiaries unable to work based on their age

Beneficiaries unable to work based on their age account for 22 percent of the total number of beneficiaries entitled to the FA based on their inability for work, and for only 6.3 percent of the total number of FA beneficiaries (8,558). These are beneficiaries who were not granted the benefit based on pension and disability insurance, because they would not be entitled to family allowance otherwise.

Their structure by gender is given in Table 6.

**Table 6:** Structure of FA beneficiaries unable to work and older than 67 by gender

Gender	Number of beneficiaries	Share
male	126	23%
female	412	77%
TOTAL	538	100%

The table above shows that women account for as many as 77 percent of family allowance beneficiaries who are unable to work based on their age.

Table 7 gives an overview of beneficiaries by age. It shows percentages of beneficiaries by five-year age groups.

**Table 7:** Structure of beneficiaries by age

Beneficiary age	Share
Beneficiaries aged 67 to 72	14%
Beneficiaries aged 72 to 77	26%
Beneficiaries aged 77 to 82	28%
Beneficiaries older than 82	32%

It is interesting that, as life expectancy increases, the number of FA beneficiaries also increases, and consequently beneficiaries older than 82 account for 32 percent of the total number of beneficiaries unable to work based on their age. The oldest FA beneficiary unable to work is 102 years old.

Table 8 shows the structure of families by the number of family members.

**Table 8:** Families of FA beneficiaries unable to work and older than 67 by the number of their members

Family structure	Number of families	Share of the total number
One-member family	464	86.2%
Two-member family	57	10.6%
Three-member family	0	0.0%
Four-member family	5	0.9%
Family with five or more members	12	2.2%
TOTAL	538	100.0%

Most FA beneficiaries who are unable to work and who are older than 67, 86.2 percent of them, live alone, i.e. in a one-member family, while 10.6 percent live in a two-member family.

The key question about those FA beneficiaries who are unable to work and are older than 67 is what it is they used to do, i.e. what work they were involved in before they turned 67 and thus became unable to work. The conclusion is that these families did not become entitled to benefits based on their insurance. The single-member families did not obtain their benefit for old age – the old-age pension – since the requirement for their entitlement to the FA, that their income may not exceed €65.86, would not be met otherwise. In two-member families, the conclusion is that neither of the spouses received an insurance-based benefit i.e. was not entitled to an old-age pension, because even in the event of the death of one of the spouses or a family member, the other spouse or family member would be entitled to the family pension.

We could divide those beneficiaries based on their pension and disability insurance into two groups: the first group consists of individuals or spouses who have no insurance through years of service at all, while the second group consists of individuals or spouses who individually do not have enough pension-related years of service to be eligible for an old-age pension. The reason is that, regardless of the fact that they meet the age requirement, they do not meet the requirement of a minimum of 15 years of service to be eligible for a pension.

FA beneficiaries who are older than 67 and **do not have any pension-related years of service** in most cases come from families that used to live in rural areas of the country and were engaged in agriculture. Those families were unaware of the importance of paying pension contributions, most likely due to a lack of information, carelessness or a lack of funds. The Ministry of Agriculture and Rural Development (MPRR) has been encouraging farmers for quite some time to register and apply for insurance, as the ministry pays half of the total insurance contributions for registered farmers.

A conclusion can be drawn that families with spouses who did not have any insurance through their years of service and lived in the countryside were actually engaged in agriculture their entire working life. To meet their basic living needs and get the money they needed, these families probably sold their produced surpluses and thus participated in economic activity to some extent, although it can be assumed that they did not pay any taxes on the sale of those products. Most of these families have continued to be involved in agriculture on a reduced scale even after reaching the age of 67. Despite the fact that they do not have insurance through years of service, the MARD pays cash benefits to these farmers, called the old-age allowance (OA), which a head of an agricultural household may receive if: he/she is older than 65 (male) or 60 (female); lives in the countryside and is engaged in agriculture and does not have income from other sources. This benefit was increased in August 2020 from €64.41 to €72.89 per month.

The eligibility requirements for the FA and eligibility requirements for OA overlap in some parts (age, income), while in others they are mutually exclusive (land, livestock). In order to be eligible for FA, an applicant must meet the requirements that he/she does not own more than two conditional livestock units (e.g. two cows) and that he/she does not own agricultural land or commercial forests larger than: 20 acres (2.000 m<sup>2</sup>) for an individual; 20 acres for a one-member family; 30 acres for a two-member family; 40 acres for a three-member family; 50 acres for a four-member family; 60 acres for a family with five or more members; or does not own, that is, does not use other land with an area larger than 2 ha. On the other hand, in order to be eligible for OA, the applicant must live in the countryside and be involved in agriculture.

A family that can no longer be engaged in agriculture, due to their health condition or for other reasons, is not eligible for OA, and the eligibility for the FA is also questionable.

For the purposes of this analysis, the data on beneficiaries receiving the old-age allowance was compared to the data on family allowance beneficiaries older than 67. In May, **3,410** farmers received old-age allowances, while the FA was paid to **538** families based on their age-related inability to work. Eleven of those families also received the old-age allowance when it was lower than the FA.

The question arises as to how many households or families that receive old-age allowances would be eligible for the FA if they all applied for that social benefit. The analysis should identify: the requirements that eliminate those families from becoming eligible for the FA, how many of the analysed families would become eligible for the FA if certain requirements were abolished through legislative amendments, and how much, as a result of these amendments, allocations from the budget would increase.

Based on the demographic structure of families that received the OA and FA, we obtained the structure of families by the number of their members. Of the total number of families, 81.66 percent are one-member families, 10.00 percent are two-member families, 3.33 percent are three-member and the same percentage for four-member families, while 1.67 percent are families with five or more members. This data was used to calculate the funds that should be allocated in the event that OA beneficiaries file applications for the FA.

The following methodology was applied to simulate the effect of application for the FA by all beneficiaries who receive old-age allowance, who are not family allowance beneficiaries:

1. We have singled out all beneficiaries who do not receive the FA, i.e. do not have a formal decision on FA eligibility, and who are not members of families receiving the FA (3,343 beneficiaries in total), from the records of old-age allowance beneficiaries, which are imported into the SWIS on a monthly basis.
2. A limited sample of 33 beneficiaries (1%) was created from this population of 3,343 beneficiaries, by using the random sampling method.
3. A simulation of the FA application process was conducted through the Social Welfare Information System for the beneficiaries from the created sample. Through an automatic exchange of data with the relevant institutions, we were able to collect all the evidence about those beneficiaries' income and assets.

Two simulations were conducted:

1. with collected evidence of income and movable and immovable assets
2. with evidence of income and assets, excluding evidence of immovable assets.

Under Simulation **1, 912** or **27 percent** of the tested beneficiaries were entitled to the FA.

Total number of households with old-age allowance that do not receive the FA	3343
Number of test decisions on FA eligibility	33
Number of positive test decisions on FA eligibility	9
Percentage of positive test decisions on FA eligibility	<b>27%</b>
Total number of households with old/age allowance that would get a positive decision on FA	<b>912</b>
Old-age allowance for May 2020	64.41

Table 9 shows the results of a simulation with an analysis of funds in the event that all old-age allowance beneficiaries file applications for family allowance.

**Table 9:** The simulation of FA eligibility for OA beneficiaries

Number of family members	Sample	%	Number of families	Base FA amount for May 2020	Total FA amount (€)	Total amount of old-age allowances (€)	Amount paid (€)
1	49	81.67%	745	68.30	50,869.84	47,972.57	2,897.27
2	6	10.00%	91	82.01	7,479.31	5,874.19	1,605.12
3	2	3.33%	30	98.44	2,992.58	1,958.06	1,034.51
4	2	3.33%	30	116.21	3,532.78	1,958.06	1,574.72
5	1	1.67%	15	129.84	1,973.57	979.03	994.54
TOTAL	60	100.0%	912		66,848.08	58,741.92	<b>8,106.16</b>

The base amount for the FA depends on the number of family members and ranges from €68.30 for a single-member family to €129.84 for a family with five or more members. Old-age allowance are treated as family income, and consequently the amount representing the difference between the base amount and the OA amount is granted. Thus, in the event that all OA beneficiaries apply for the FA, and in line with the projected family structure, an additional €8,106.16 would have to be paid.

By analysing the evidence and the requirements that eliminate OA beneficiaries from FA eligibility, we concluded that in **54 percent of cases families cannot be eligible for the FA, as they do not meet the legal requirement related to immovable assets, i.e. land ownership: that he/she does not own agricultural land or commercial forests larger than 20 acres (2.000m<sup>2</sup>) for an individual; 20 acres for a single-member family; 30 acres for a two-member family; 40 acres for a three-member family; 50 acres for a four-member family; 60 acres for a family with five or more members; or does not own, that is, does not use other land larger than 2 ha.** For this reason, Simulation 2 was conducted, but land ownership proof was excluded, i.e. we obtained the results on the assumption that land ownership is not a requirement for receiving the FA. In that case, **2,228** or **67 percent** of old-age allowance beneficiaries would be eligible to receive family allowance.

**Table 10a.** Simulation 2 – OA

Total number of households with old-age allowance that do not receive FA	3,343
Number of test decisions on FA eligibility	33
Number of positive test decisions on FA eligibility	22
Percentage of positive test decisions on FA eligibility	<b>67%</b>
Total number of households with old-age allowance that would get a positive decision on FA	<b>2,229</b>
Old-age allowance for May 2020	€64.41

Table 10b shows the results of the simulation with an analysis of the amount of funds needed if all old-age allowance beneficiaries file applications for family allowance, when land ownership is not a requirement for eligibility.

**Table 10b:** The simulation of FA eligibility for OA beneficiaries, with the requirement regarding land ownership excluded

Number of family members	Sample	%	Number of families	Base FA amount for May 2020 (€)	Total FA amount (€)	Total amount of old-age allowances (€)	Amount paid (€)
1	49	81.67%	1,820	68.30	124,329.91	117,248.74	7,081.16
2	6	10.00%	223	82.01	18,280.03	14,356.99	3,923.04
3	2	3.33%	74	98.44	7,314.09	4,785.66	2,528.43
4	2	3.33%	74	116.21	8,634.40	4,785.66	3,848.74
5	1	1.67%	37	129.84	4,823.56	2,392.83	2,430.72
TOTAL	60	100.00%	2,229		163,381.99	143,569.89	<b>19,812.10</b>

A conclusion can be drawn that, for those who are unable to work due to their age, who do not have years-of-service insurance and who lived in the countryside and were engaged in agriculture, the main obstacle for eligibility to family allowance is their immovable property, i.e. land ownership. Land ownership was precisely the reason why they chose agriculture as their gainful activity, but once they reach the age of 67 and become unable to work, that land represents an obstacle for them to become eligible for the FA.

The second group of people unable to work based on their age includes **individuals or spouses who, individually, do not have a sufficient number of pension-related years of service** to be entitled to an old-age pension. Despite the fact that they meet the age requirement, they do not meet the requirement of minimum 15 pension-related years of service. This category is a consequence of the transition processes in the 1990s, when massive job losses took place due to the closure of a large number of companies. Many employees who lost their jobs continued to work in some parts of the informal economy or as independent entrepreneurs, but did not continue to pay contributions regularly. Therefore, even though they have reached 67, they do not have 15 pension-related years of service. In the coming years, we can expect an increase in the number of people unable to work who belong to this category, and as an example we can mention employees who lost their jobs in the period from 1990 to 1995, who at that time were 25 to 35 years old and had five to 10 pension-related years of service. Today, they are 55 to 65 years old and if they have worked without paying mandatory contributions, i.e. in the informal economy, they will not be eligible for an old-age pension due to an insufficient number of years of service with paid insurance.

Despite the fact that they meet the age requirement, a minimum of 15 pension-related years of service is necessary to be eligible for an old-age pension. A paradoxical situation may happen whereby spouses, who are unable to work, have, for example, 25 years of service with paid insurance together and yet neither of them individually meets the requirement for old-age pension, while spouses, of whom only one has 15 years of service with paid insurance, can receive the minimum pension. Since the abovementioned category cannot receive benefits from the Pension and Insurance Fund based on their paid insurance, an optimal way to protect them needs to be identified by analysing the requirements for eligibility for the FA.

#### 4.2.2. Beneficiaries unable to work based on the commission's findings and opinions

FA beneficiaries unable to work and under the age of 67 have become eligible through determination of their inability to work based on the findings of the assessment and the opinion of the social and medical commission.

Beneficiaries who are unable to work based on a determined inability to work account for 78 percent of the total number of beneficiaries entitled to the FA based on their inability to work, and for 22 percent of the total number of FA beneficiaries (8,558).

Their structure by gender is given in Table 11.

**Table 11:** Structure of FA beneficiaries unable to work based on the commission's findings by gender

Gender	Number of beneficiaries	Share
Male	912	48%
Female	994	52%
TOTAL	1,906	100%

Table 12 offers an overview of beneficiaries by age, as well as shares of beneficiaries by specific age groups.

**Tabela 12:** Structure of beneficiaries by age

Beneficiary age	Share
Beneficiaries younger than 25	0.45%
Beneficiaries aged 25 to 40	1.2%
Beneficiaries aged 40 to 50	23%
Beneficiaries aged 50 to 60	28%
beneficiaries older than 60	26%

Beneficiaries aged 50 to 60 form the biggest group, and there are also beneficiaries unable to work who are younger than 25 (0.45%). In most cases, the social and medical commission determines inability to work for a limited period of time.

### 4.3. Conclusions and recommendations

Beneficiaries who are unable to work account for 29 percent of the total number of FA beneficiaries, of whom 538 are elderly people (67+) unable to work due to their age. Ninety-seven percent of these people live alone (86.2%) or with another person who is unable to work, mostly their spouse (10.6%). More than 60 percent of them are older than 77, and 77 percent (412) are women. These are people who were ineligible to receive benefits based on their pension and disability insurance. Given the absence of a social pension mechanism, they are entitled to the FA of only €68.30 (for singles), or €76.20 for two members unable to work per month. Needless to say, it is not possible to live on this amount and this is one of the most socially vulnerable groups in the country. It is, therefore, a priority to increase the amount of the FA for these people through a legislative solution. The amount of this benefit is unquestionably small, but social benefits are not an income that one can live from, and it is insufficient for subsistence even for those who earn an income. The benefits should be increased, but attention should be paid to the correlation with the minimum wage and the lowest pensions. An increase in the lowest pensions and the minimum wage would serve as a basis to increase the benefit. Otherwise, some pensioners and employees would become FA beneficiaries. In the comparative legislation (Republic of Croatia), it is clearly stated that social and child protection benefits cannot be higher than the benefits resulting from work and based on work.

People entitled to the old-age allowance (OA) from the Ministry of Agriculture are in a similar situation, as they are not entitled to pension and disability protection benefits and have no income. The simulation showed that, if these people were to apply for the FA, they would not be eligible because they own land, which is a requirement for the OA. In this sense, the consolidation of these two categories could be considered within the future amendments to legal provisions on the FA, as well as revision of the requirement related to land ownership.

As for the amount by which the FA should be increased, in order not to bring people receiving the minimum old-age pension, which they earned based on their employment and payment of contributions, into an unfavourable position, the proposal is to increase the FA for these people to an amount that would be 20 to 30 percent lower than the amount of the minimum pension (€145). Thus, the FA for an individual would amount to €101.50 (30%) or €116 (20%), or for two family members €117.43 (30%) or €134 (20% lower) respectively.

- ✓ Single persons unable to work (67+):

€101.50 – €68.30 = €33.20; For 464 beneficiaries × increase of €33.20 = €15,404 per month × 12 months = €184,858 per year.

- ✓ A two-member family, both unable to work (67+):

€117.30 – €76.20 = €41.10 × 57 = €2,343 × 12 months = €28,112 per year.

- **A + B total: €212,970 annually.**

If the FA amount were to increase by 20 percent for other beneficiaries unable to work as well, the FA for a one-member family would be €79.00, and for a two-member family €91.44 per month.

- ✓ Other beneficiaries unable to work (commission findings), 1,906 beneficiaries × 20% increase, an additional €26,000 per month needs to be allocated or €312,000 at an annual level

- A + B + C total: €524,970 annually

- ✓ If the FA amount were to increase for other FA beneficiaries as well, i.e. those able to work, or an additional 5,500 families, by 10 percent, we would get a similar result – if the payment in May 2020 for FA beneficiaries able to work amounted to €665,845, an increase of 10 percent (€66,584 per month) would require an additional allocation of €799,014 annually.

- **FA– A + B + C + D = €1,323,984 annually**

- ✓ If the current proposed amendments to increase the CA for existing beneficiaries (14,000 children × €20) are adopted, an additional €3,360,000 would have to be allocated per year.

FA + DD (A + B + C + D + E) = €4,673,984 annually

At the same time, putting people older than 67 who live in urban areas and who do not own assets in an unfavourable position will be difficult to avoid, because people living in rural areas are entitled to the OA despite the assets and livestock they own.

## 5. An analysis of rejected family allowance applications

### 5.1. The number of family allowance applications and the number of rejected applications

The complete procedure for family allowance eligibility, from application submission to decision approval, is carried out through the information system. As already explained, the necessary proof for eligibility is collected by automatic data exchange with the institutions responsible for the data registers of relevance for determining eligibility for the FA. Legal experts analyse the collected evidence and validate it through the system, so that those requirements that represent a barrier for FA eligibility can be seen in cases of rejected applications.

This kind of analysis is being carried out for the first time, because a more precise analysis was not possible before the ISWIS. The analysis covered rejected applications from a period of three years (June 2017–May 2020) and the following requirements were considered:

- Possession of immovable assets that exceed the prescribed quantity
- Livestock ownership
- Vehicle ownership
- Records at the EAM
- Refusal of job opportunities or measures to implement an active employment policy
- Reason for employment termination
- Paid severance pay
- Generated income (data from the Tax Administration)
- Income based on entitlements from the Pension and Disability Insurance Fund
- Unemployment benefit (EAM).

A total of 1,480 applications were filed during the observed period. Of this number, 373 were rejected with formal decisions due to the failure to meet the mentioned requirements, which means that 25.20 percent of the applicants were not eligible for the FA.

### 5.2. Requirements that were not met

We collected and analysed evidence for decisions to reject those applications and, based on that evidence, we also analysed the requirements that were not met. The share of requirements that were not met out of the overall number of failed types of evidence is shown in Table 13.

**Table 13:** Type of evidence that fails to meet the requirement for the FA – share

Type of evidence	Share of negative decisions
Real estate	25.00%
Livestock	1.35%
Vehicle	7.43%
Records at the EAM	18.24%
Refused employment opportunity or active employment policy	7.43%
Reason for employment termination	6.08%
Severance pay	3.38%
Income, TA	5.41%
PDI Fund	18.92%
Unemployment benefit	6.76%
TOTAL:	100.00%

Of all the evidence that fail to meet the requirements, possession of immovable assets that exceed prescribed quantity is the most frequent one – 25 percent. This is followed by evidence of income received by the applicant or one of the family members from the Pension and Disability Insurance Fund – 18.92 percent, while the share of evidence based on unemployment status is 18.24 percent.

### 5.3. Final observations, recommendations

It is obvious that, with the introduction of the SWIS (1 January 2015), many citizens lost their entitlement to the FA based on their ownership of motor vehicles and livestock. However, by transferring ownership of those movable assets, many of them managed to regain access to the FA in the following period, so the question of the expediency of these requirements can be justifiably raised. However, it is recommended to keep those criteria, because collection of evidence about assets is done automatically and is not an additional burden for the centres. Testimonies of social workers indicate that the same thing often happens with immovable assets, with the additional problem of a failure to implement probate proceedings. These testimonies also point to the issue of the findings and opinions of professional staff from centres for social work not being accepted as evidence in court proceedings. In practice, namely, it happens that when a professional from the centre goes into the field and finds that a family is living decently, even though they have neither income nor assets “on paper”, the centre terminates or does not approve their entitlement to the FA based on the findings and opinions of that professional. In the case of court proceedings following appeals by citizens who were denied entitlement to the FA or for whom this entitlement was terminated, according to the statements of professional staff, such cases are often decided in court in favour of the plaintiff. The problem is that the court actually does not recognize the findings and opinion of the centre’s professional staff as evidence in the proceedings. Therefore, the findings and opinions of centres’ professional staff should be accepted as evidence in court proceedings or else professional staff should be granted the status of a court expert.

The SWIS also generated the data that 7.43 percent of citizens who tried to get access to the FA failed in doing so due to records showing that they had refused an offered job or some form of active employment policy, so it would be worthwhile to analyse the reasons for the refusal. A conclusion can be drawn from the obtained data that it is necessary to reduce/redefine the criteria in the area of ownership of land and agricultural forests, which are the most common obstacle to entitlement to the FA, even if it is mostly non-arable land, i.e. land that cannot be valourized through use or sale, with the exception of fish ponds and pastures that provide more opportunity for valourization. The Real Estate Administration does not have a value-based categorization of land that we could use to further refine land categorization, i.e. to specify the criteria for the FA, so a prerequisite for legal amendment in this matter is that the Real Estate Administration implements value categorization of the land.

Unfortunately, it is evident that centres for social work generally do not resort to granting the FA, by using their discretionary right, to families that are indisputably in social need. This right is specifically provided by the law for such situations as a corrective factor. The reason may be that they are under scrutiny in terms of responsibility for misuse. The law provides such possibility for single parents and families where all family members are unable to work (Article 25 of the Social Protection Law). Therefore, this barrier, initially imposed by public opinion, must be eliminated and centres must be encouraged to apply this legal option more often.

## 6. The analysis of the social and economic status of persons with disabilities (beneficiaries of the personal disability allowance)

The analysis of the social and economic status of persons with disabilities was conducted by analysing the beneficiaries of the personal disability allowance in December 2019. For beneficiaries of the personal disability allowance, the information system contains data about their families or their family members. Since the entitlement to personal disability allowance is granted solely based on the assessment and opinion of the social and medical commission, regardless of the social and economic status of the beneficiaries, i.e. their or their families’ income and property ownership status, the objective of the analysis is to identify the social and economic conditions in which PDA beneficiaries live.

There were 2,673 PDA beneficiaries in total in December 2019. **Of all the PDA beneficiaries, 51, or 1.9 percent of them, live in families entitled to the FA**, which means that these families live in unfavourable financial conditions. When the total number of PDA beneficiaries is reduced by those who receive the FA, we get 2,622 beneficiaries for whom the analysis was conducted.

In order to obtain data on the assets and income of persons with disabilities, it was necessary to simulate their FA applications, because data on the assets and income of the beneficiaries and of their family members is generated only with this type of application, through automatic data exchange with the relevant institutions.

In order to monitor age-based social and economic indicators, PDA beneficiaries have been divided into three age groups:

- Up to the age of 18 – 736 beneficiaries
- From 18 to 40 years old – 965 beneficiaries
- Older than 40 – 921 beneficiaries

Within these age groups, a sample of 1.5 percent of the population was created by random sampling, as follows: up to the age of 18 – 11 beneficiaries; from 18 to 40 years old – 14 beneficiaries; and older than 40 – 14 beneficiaries.

A simulation of filing applications for the FA was performed for the mentioned groups of beneficiaries. Evidence was thus collected and organized into the following categories:

- Total family income
- A certificate issued by the Real Estate Administration indicating owned (or not owned) immovable property
- Motor vehicle ownership, proof from the register of motor vehicles
- Livestock ownership, proof from the Veterinary Administration register

### 6.1. Income of families of personal disability allowance beneficiaries

Within the income analysis, we took into consideration all the income registered by the Montenegrin Tax Administration (TA), income based on pension and disability insurance received from the PDI Fund, income arising from unemployment received from the EAM, income from old-age allowance

received from the Ministry of Agriculture and Rural Development and income from allowance received by the parent or guardian of the PDA beneficiary.

The analysis did not consider income that is not deemed an income by the Law on Social and Child Protection: *personal disability allowance; care and assistance allowance; child allowance; new-born child allowance or childbirth allowance for a person registered as unemployed at the Employment Agency of Montenegro and for a full-time student received in accordance with this law; award-based income; severance pay upon retirement; one-off cash assistance, etc.* Since the abovementioned sources of income are mostly received as social benefits, they will be a subject of a special analysis of the multiple social benefits (Chapter 7).

The simulation revealed that **the average income of a PDA beneficiary's family is €595**. Those families have 3.28 members on average. Table 14 offers an overview of the number of beneficiaries, number of family members and income structured by age group.

**Table 14:** Revenue of families of PDA beneficiaries by age group

Age group	Number of beneficiaries	Share	Average number of family members	Average income (€)
PDA beneficiaries younger than 18	736	28%	3.90	481
PDA beneficiaries aged 18 to 40	965	37%	3.57	602
PDA beneficiaries older than 40	921	35%	2.50	677
TOTAL	2622	100%	3.28	595

Most beneficiaries, 37 percent of them, belong to the age group 18 to 40. It is interesting that the income increases with age, so families of beneficiaries who are older than 40 have the highest average income of €677. On the other hand, the number of family members decreases as age increases and ranges from 3.9 for beneficiaries younger than 18 to 2.5 for beneficiaries older than 40.

## 6.2. Assets owned by families of personal disability allowance beneficiaries

In order to analyse assets owned by the families of beneficiaries who receive personal disability allowance, we used property ownership data from the register of the Real Estate Administration of Montenegro, data from the register of motor vehicles of the Ministry of the Interior and data on livestock ownership from the register of the Veterinary Administration. Table 15 shows the results of the analysis focusing on immovable and movable assets owned by the families of beneficiaries who receive personal disability allowance. According to data from the Real Estate Administration, 64 percent of the families of PDA beneficiaries own real estate. The data includes apartments, houses, land and forests. However, as this is official data, i.e. registered real estate, it is expected that these families actually own additional real estate, primarily due to illegally built buildings, as well as unfinished probate proceedings.

**Table 15:** Immovable and movable assets owned by families of PDA beneficiaries

Age group	Immovable assets: house, apartment, land	Movable assets: vehicle	Movable assets: live-stock
PDA beneficiaries younger than 18	55%	64%	9%
PDA beneficiaries aged 18 to 40	71%	50%	21%
PDA beneficiaries older than 40	64%	36%	0%
All beneficiaries	64%	49%	10%

Forty-nine percent of families of PDA beneficiaries own a motor vehicle, with the percentage being higher among families of younger beneficiaries – 64 percent for beneficiaries younger than 18, while 49 percent of families of PDA beneficiaries older than 40 own a motor vehicle.

Ten percent of PDA beneficiaries' families own livestock, which means that one in 10 families of PDA beneficiaries live in the countryside and are engaged in agriculture. That share for PDA beneficiaries who are 18 and 40 years old totals 21 percent.

## 6.3. Final observations

Of all the personal disability allowance beneficiaries, only 51, or 1.9 percent, of them, live in families entitled to the FA, which is an initial indicator that these families are not in social need, like FA families. The analysis found that the average PDA family has 3.23 members and an average monthly income of €595. The income from social benefits that these families receive – the average allocation for a personal disability allowance beneficiary of €403 per month – can be added to that amount. This amount, which depends on the number of entitlements (up to six) that PDA beneficiaries can be eligible for based on the PDA, can range from €189.19 to €560.30. Together with the average monthly income (€595) this turns into income ranging from €784.19 to €1,155.30, which significantly exceeds the minimum wage (€222) or average salary (€530).



## 7. The analysis of multiple benefits

The Integrated Social Welfare Information System – Social Card made it possible to create a database relevant for management of the social welfare system and social welfare policy making. One of the basic principles, while designing the information system, was to create an identification number for each beneficiary so that all procedures related to that beneficiary could be followed, regardless of whether they involved social benefits or services. Data was also entered about each beneficiary's family, following the principle that each beneficiary can belong to only one family. Creation of a family file is important in order to monitor the overall situation in that family, i.e. the family's needs for social benefits or social and child protection services. When the information system was launched, only four basic social benefits were implemented through it, but the remaining social benefits were added very soon after that. Social and child protection services were included with the implementation of Phase 2. Today, thanks to the information system, we have a formed and comprehensive database within the social and child protection system.

Before the information system was introduced, questions were often raised about the total funds allocated for an individual or a family, and it was not possible to get a precise answer to such questions because the procedures related to entitlements were conducted separately, i.e. procedures were not paired with the beneficiary's identity number. Therefore, it was not possible to find out whether different procedures were related to the same beneficiary. There were no family files, so the procedures initiated for different beneficiaries could not be grouped by family if those beneficiaries belonged to the same family.

Thanks to the data from the information system, it is now possible to group all SBs received by a family or a member of that family. A benefit, such as the family allowance, applies to a family, but its members can also be entitled to benefits that are personal, i.e. apply to an individual. For the first time, an analysis of multiple benefits is being carried out by using data from the information system, and it should give answers to questions such as: how many families receive one, two, three or more SBs, which SBs these are, what the total amount of those benefits is at the monthly level, what the share of families receiving multiple benefits is out of the total number of families, etc.

The concept of the analysis is to analyse multiple benefits based on the entitlement to the basic SB, i.e. to see what other benefits are being paid and what amounts are involved, given the fact that a family or a member of that family can be entitled to the family allowance, the personal disability allowance (PDA) or the care and assistance allowance (CAA). Also, an analysis of multiple benefits by families will be carried out and it will include all SBs, regardless of whether those are means-tested benefits or category-based benefits.

### 7.1. Multiple benefits derived from entitlement to family allowance

As already described, the family allowance is the only means-tested benefit. However, beneficiaries may receive some other social benefit based on the entitlement to this allowance, and those are:

- Child allowance (CA)
- Electricity bill subsidy (EBS)
- Preschool institution meal costs (MC)
- One-off cash assistance (OCA)
- Funeral costs (FC)

In addition to the abovementioned benefits, as highlighted in the introduction, FA beneficiaries may also be entitled to health care, free textbooks and holidays and recreation for children.

Data from the calculation of benefits for December 2019 was used for the analysis. The data from December 2019 is more representative than the data for May 2020 because in May 2020, due to the pandemic, preschool institutions were closed, so the amounts for preschool institution meal costs were not available.

In December 2019, **8,567** families received the FA, and a total of 28,779 members lived in those families. Of those families, only **1,424** (17%) received one benefit (FA), while **7,143** (83%) families received some other social benefit in addition to the FA.

**Graph 6:** Families by the number of social benefits they were eligible for, based on the FA

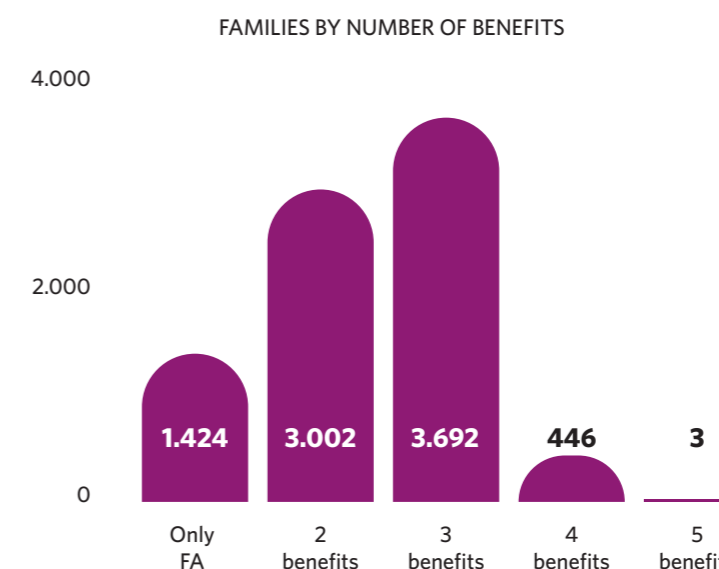


Table 16 gives an overview of the number of families who received the FA in December 2019, who received some other social benefit based on the FA, as well as the amounts of funds paid for FA and the social benefits received based on the FA.

**Table 16:** Overview of social benefits received based on family allowance

Benefit	Number of families	Amount (€)
FA	8,567	829,773.69
CA	5,899	309,198.29
EBS	5,154	81,155.35
MC	650	20,526.61
OCA	30	2,587.79
FC	3	1,012.71
Total funds for entitlements based on the FA		<b>1,244,254.44</b>
Funds for derived entitlements		414,480.75

The total amount paid for the FA and benefits derived from the FA in December was **€1,244,254.44**, which is **50 percent** more than the amount paid for the FA (**€829,773.69**). The most common entitlement derived from the FA is **child allowance, which was received by 69 percent** of families, while **60 percent of families used electricity bill subsidies. Preschool institution meal costs were used by 7.6 percent of families**, while one-off cash assistance was awarded to 30 families. Three families used their entitlement to funeral costs in December 2019.

Table 17 offers an overview of the number of families by the number of benefits they receive and the total amount of funds paid. The table also shows the average amount of money per family and the average number of family members. Most families receive three material benefits (43%) and they receive an average of **€177.81**, with an average of **4.27** members per family.

**Table 17:** The overview of social benefits received based on entitlement to the FA

Number of benefits	Number of families	Total amount (€)	Average amount per family (€)	Average number of family members
FA only	1,424	104,541.29	73.41	1.38
2 benefits	3,002	384,190.39	127.98	3.03
3 benefits	3,692	656,487.64	177.81	4.27
4 benefits	446	98,281.83	220.36	4.33
5 benefits	3	753.29	251.10	4.00
TOTAL	8,567	1,244,254.44	145.24	3.36

The highest amount of FA and other social benefits derived from the FA in December 2019 was €341.06. It was paid to a six-member family that, in addition to the FA, received CA, EBS and MC.

Based on the completed analysis, a conclusion can be drawn that, in addition to the FA, which they receive based on a test of their means, financially vulnerable families also receive other social benefits that are intended to improve their financial situation. Funds amounting to about 50 percent of the funds spent on the FA as the basic social benefit are allocated for other social benefits. As many as 83 percent of families receive two or more benefits. Child benefit is the most common type of benefit, followed by electricity bill subsidies.

It should be noted that beneficiaries of the FA, CAA and PDA may be eligible for other entitlements from local governments, companies, the Red Cross and NGOs (solving housing issues, holidays and recreation for children, one-off assistance in money and goods, transport privileges for students, subsidies for bills of local utility companies, etc.).

## 7.2. Multiple benefits based on entitlement to personal disability allowance

A person with a severe disability is entitled to the personal disability allowance. This social benefit is one of the category-based benefits, because it is granted based on the findings, assessment and opinion of the social and medical commission and does not depend on beneficiary's income and assets. Based on the entitlement to personal disability allowance, a beneficiary may be eligible for:

- Child allowance (CA)
- Electricity bill subsidy (EBS)

- Assistance in education – transport costs (AETC)
- Travel benefits for persons with disabilities (TBPD)
- One-off cash assistance (OCA)
- Funeral costs (FC)

The personal disability benefit, unlike the FA, is intended to protect an individual and does not apply to the family, but is based on the entitlement to the PDA, whereby one of the parents or guardians of the PDA beneficiary is entitled to an allowance, for each beneficiary respectively. Therefore, the analysis of multiple benefits based on the PDA also included the following social benefit:

- Allowance for a parent or a guardian of the beneficiary of personal disability allowance (APG).

In December 2019, **2,604** people were entitled to personal disability allowance. Of that number, **172 (6.6%)** received only the PDA, while **2,432 (93.4%)** of PDA beneficiaries also received some other benefits based on the PDA entitlement. The allowance to the parent or guardian of the PDA beneficiary is included in the entitlements derived from the PDA. Most beneficiaries received **three benefits, 37.0 percent**, followed by **21.7 percent** of beneficiaries who received **four benefits**. Graph 7 shows the beneficiaries of personal disability allowance by the number of benefits received.

**Graph 7:** Personal disability allowance beneficiaries by the number of received benefits

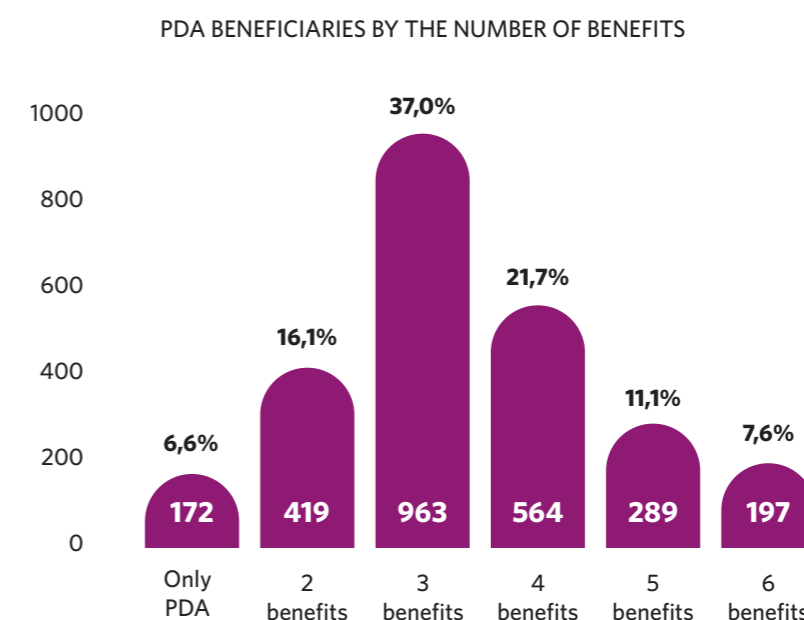


Table 18 gives an overview of the number of beneficiaries who received the PDA in December 2019, the number of beneficiaries who received some other social benefit derived from the PDA, as well as the amounts of funds paid for the PDA and social benefits derived from the PDA.

**Table 18:** An overview of social benefits received based on the personal disability allowance

Benefit	Number of families	Amount (€)
FA	2,604	486,184.95
APG	2,133	442,747.43
EBS	2,064	28,941.15
TBPWD	868	34,442.67
CA	754	32,701.23
AETC	353	21,523.41
OCA	3	190.00
Total funds for entitlements based on PDA		<b>1,046,730.84</b>
Funds for derived entitlements		560,545.89

The total funds paid for the PDA and benefits derived from the PDA in December 2019 amounted to **€1,046,730.84**, which is **115 percent** more than the amount paid for the PDA (**€486,184.95**). **The allowance to the parent or guardian of the PDA beneficiary (APG)** is the most common entitlement derived from the PDA, and **82 percent of parents or guardians receive it**. Funds of approximately same amount as for PDA were allocated for this allowance. **Seventy-nine percent** of the PDA beneficiaries used their entitlement to **electricity bill subsidies**.

When the total of the funds allocated for benefits derived from personal disability allowance is divided by the number of beneficiaries, we get the **average allocation per beneficiary for the personal disability allowance of €403 per month**.

Table 19 offers an overview of the number of beneficiaries by the number of benefits they receive and the total amount of paid funds. The average amount of funds per beneficiary is also shown in the table, and allowance to the parent or guardian is also included in these funds. For beneficiaries who received six different benefits, the average monthly amount is **€560**.

**Table 19:** An overview of social benefits derived from personal disability allowance

Number of benefits	Number of beneficiaries	Total amount (€)	Average amount per beneficiary (€)
PDA only	172	32,539.95	189.19
2 benefits	419	125,733.11	300.08
3 benefits	963	382,402.70	397.10
4 benefits	564	253,310.14	449.13
5 benefits	289	144,104.99	498.63
5 benefits	197	110,388.63	560.35
TOTAL	2,604	1,048,479.52	402.64

### 7.3. Multiple benefits derived from the care and assistance allowance

The entitlement to the care and assistance allowance is granted to a person who, due to physical, mental, intellectual or sensory impairments or changes in his/her health, needs care and assistance to meet his/her needs. The requirement for entitlement to the CAA is that the person does not receive personal disability allowance. A beneficiary may be entitled to the following entitlements derived from the entitlement to care and assistance allowance,

- Child allowance (CA)
- Electricity bill subsidy (EBS)
- Assistance in education - transport costs (AETC)
- Travel benefits for persons with disabilities (TBPWD)
- One-off cash assistance (OCA)

Just like the personal disability allowance, the purpose of the care and assistance allowance to protect an individual and does not apply to families, but, based on entitlement to the CAA, one of the parents or the guardian of two or more CAA beneficiaries is entitled to an allowance for each beneficiary individually. Also, one of the parents or a guardian who has at least one beneficiary of the personal disability allowance and one or more beneficiaries of the care and assistance allowance, is entitled to receive the allowance, for each beneficiary individually. Therefore, the following allowance is included in the analysis of multiple benefits derived from the CAA:

- Allowance for a parent or a guardian of the beneficiary of personal disability allowance (APG).

In all **17,987** people were entitled to care and assistance allowance in December 2019. Of them **5,195 (29%)** received only the CAA, while **12,792 (71%)** beneficiaries of the CAA received another benefit derived from the entitlement to the CAA. Most beneficiaries received **two benefits, 48 percent**, while **21 percent** of beneficiaries received **three benefits**. Graph 8 shows the beneficiaries of care and assistance allowance by the number of benefits received.

**Graph 8:** Care and assistance allowance beneficiaries by the number of received benefits

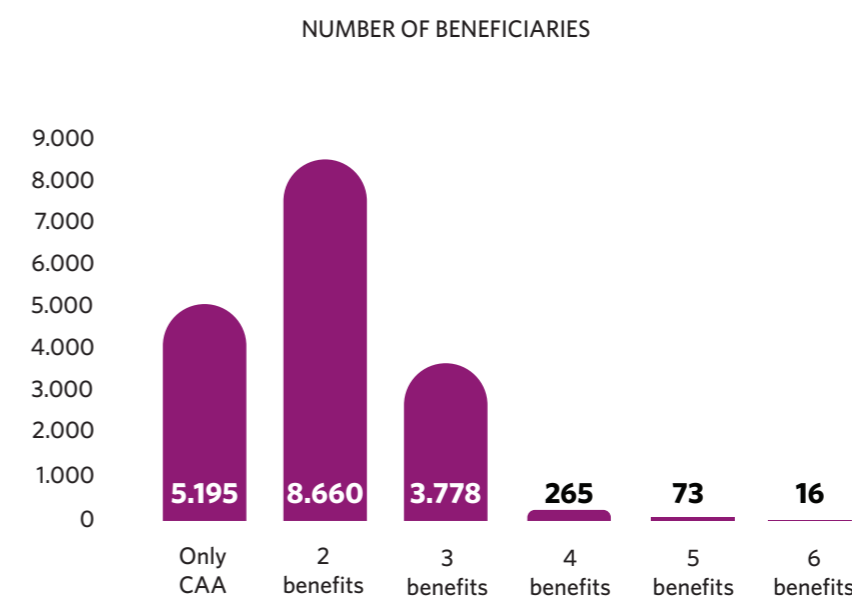


Table 20 offers an overview of the number of beneficiaries who received the CAA in December 2019, the number of beneficiaries who received some other social benefit derived from the CAA, as well as the amounts of funds paid for the CAA and social benefits derived from the CAA.

The total funds paid for the CAA and benefits derived from the CAA in December 2019 amounted to **€1,700,106.46**, which is **32 percent** more than the amount paid for the CAA (**€1,282,713.25**). The most common entitlement derived from the CAA is **electricity bill subsidies**, which was used by **66 percent** of the beneficiaries of the care and assistance allowance, followed by the entitlement to **travel benefits for persons with disabilities**, which was used by **25 percent** of beneficiaries.

**Table 20:** An overview of social benefits paid based on care and assistance allowance

Benefit	Number of families	Amount (€)
PDA	17987	1,282,713.25
EBS	11814	148,816.54
TBPWD	4481	171,975.45
CA	713	30,642.09
APG	196	57,409.92
AETC	157	7,419.21
OCA	16	1,130.00
Total funds for entitlements based on CAA		<b>1,700,106.46</b>
Funds for derived entitlements		417,393.21

When we divide total funds allocated for benefits based on care and assistance allowance by the number of beneficiaries, we get **an average allocation per beneficiary of the care and assistance allowance of €94.52 per month**.

**It is indicative that only a quarter of CAA beneficiaries (25% - 4,481 persons) use the entitlement to travel benefits, and that significant funds are allocated for it - €171,975.45 - which is an average of €38.38 per beneficiary. This amount constitutes 57 percent of the amount for the care and assistance allowance (€67.50).**

The previous three analyses were carried out separately for three benefits: the family allowance, the personal disability allowance and the care and assistance allowance. We analysed these benefits and the social benefits derived from them, the number of beneficiaries and total allocated funds for entitlement to the FA, which is means-tested, and two category-based benefits - the PDA and CAA. The purpose of the analysis was to obtain precise data on the funds allocated for social benefits received on the grounds of entitlement to a basic benefit. Thus, as regards the allocation for the FA, an additional 50 percent of funds approximately is allocated for other benefits derived from the FA, for the PDA an additional 115 percent for benefits derived from the PDA, and for the CAA an additional 32 percent of funds for benefits derived from the CAA.

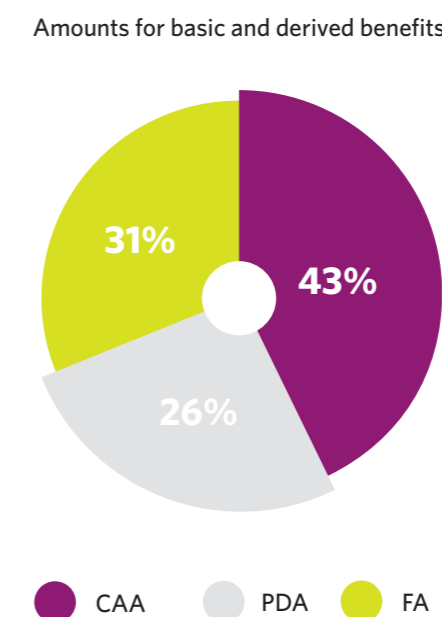
Table 21 gives an overview of the funds allocated for the three basic social benefits and the benefits derived from them. The total amount in December 2019 was **€3,991,091.74**.

**Table 21:** An overview of funds allocated for basic and derived social benefits with the number of beneficiaries and average amount per beneficiary

Benefit	Amount of basic benefit (€)	Amount of basic and derived benefits (€)	Number of families/beneficiaries	Average amount per beneficiary (€)
FA	829,773.69	1,244,254.44	8,567	145.24
PDA	486,184.95	1,046,730.84	2,604	401.97
CAA	1,282,713.25	1,700,106.46	17,987	94.52
TOTAL	2,598,671.89	<b>3,991,091.74</b>		

Graph 9 shows the percentage shares of social benefits out of the total amount. The CAA has the largest share with 43 percent, followed by the FA with 31 percent and finally the PDA with 26 percent.

**Graph 9:** Percentage shares of social benefits in the total amount of paid funds



#### 7.4. Multiple social benefits by family

Family allowance is the only family-related social benefit and it is the only means-tested benefit. Multiple benefits derived from the FA are analysed in Section 5.1, and the multiple benefits derived from category-based benefits, the personal disability allowance and care and assistance allowance are analysed in Sections 5.2 and 5.3.

Families that receive the FA, who get protection due to unfavourable family circumstances, may also have members who are granted protection due to personal circumstances, in order to provide them with access and means to meet their needs.

The client that commissioned the analysis also wants to obtain data on the multiple benefits received by families, regardless of whether they are in unfavourable financial situation or whether they have members with a health condition, which is determined based on the findings, assessment and opinion of the social and medical commission.

In addition to social benefits analysed in the previous chapters, this analysis also covered status-based social benefits (a new-born child, unemployed parent of a child up to 1 year old):

- New-born child allowance (NCA)  
*One of the parents, an adoptive parent, a guardian or a foster parent may be eligible for a one-off allowance for a new-born child.*
- Childbirth allowance (CBA)  
*One of the parents who is registered as unemployed at the Employment Agency of Montenegro and a student may be eligible for a monthly allowance based on the birth of a child, until the child reaches one year of age.*

Of the total number of families (26,737) entitled to a social benefit, as many as **81 percent of them (21,769) receive at least two social benefits**. Graph 10 shows the number of families that receive multiple benefits. Fifty-one percent of families, out of the total number of them receiving multiple benefits, receive two benefits, 38 percent receive three benefits, while 7 percent of families receive four benefits. One percent of families receive six benefits, and there are also 24 (0.1%) families who received seven benefits.

**Graph 10:** Number of families by the number of benefits

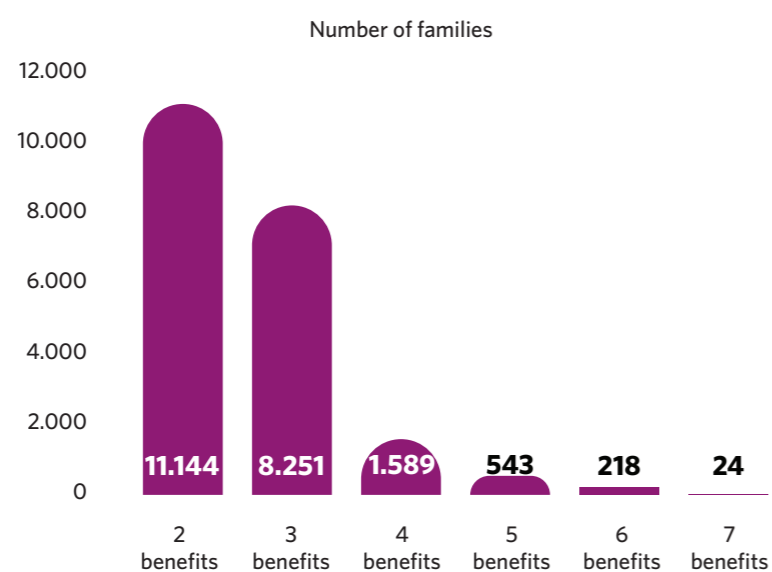


Table 22 shows the number of families by the number of benefits they receive, with the total funds (basic + derived entitlements) allocated for those families. The average amount per family is also given.

**Table 22:** Families with multiple benefits, by the number of benefits, total amounts and average amount per family

Number of benefits	Number of families	Total amount (€)	Average amount per family (€)
Two benefits	11,144	1,161,595	104
Three benefits	8,251	1,483,223	180
Four benefits	1,589	498,141	313
Five benefits	543	230,367	424
Six benefits	218	120,054	551
Seven benefits	24	15,669	653
TOTAL:	21,769	3,509,049	

The largest number of benefits, six and seven, are received by families whose member is entitled to one of the category-based benefits, personal disability allowance or care and assistance allowance, and these families also receive highest amounts. The highest amounts, which exceed €1,000, are received by families with several people who receive one of the category-based benefits, while one of their parents receives an “allowance for a parent or a guardian of the beneficiary of personal disability allowance”.

Below is an example (from the ISWIS) of a five-member family. Both children receive personal disability allowances. In addition to the parents and two children, the mother of one of the parents also lives with this family and is entitled to the care and assistance allowance.

CA	CAA	PDA	EBS	TBPWD	AETC	APG	TOTAL
€73.79	€67.50	€368.10	€18.00	€130.92	€109.20	€398.68	<b>€1,166.19</b>

As regards families that receive multiple benefits, the most common are electricity bill subsidies, which are received by 18,180 families out of the 21,769 families that receive multiple benefits. This is expected, knowing that subsidies are received both under the family allowance and under category-based benefits. The portion of basic social benefits corresponds to the number of beneficiaries entitled to it, and child allowance is the most common derived benefit, followed by the travel benefits for persons with disabilities. Table 23 shows the number of families by benefits received in December 2019.

**Table 23:** Shares of social benefits in families with multiple benefits

Benefit	Abbreviation of the benefit	Number of families
Electricity bill subsidy	EBS	18,180
Care and assistance allowance	CAA	13,117
Family allowance	FA	7,530
Child allowance	CA	7,026
Travel benefits for persons with disabilities	TBPWD	5,307
Personal disability allowance	PDA	2,445
Allowance for a parent or a guardian of the beneficiary of personal disability allowance	APG	529
Childbirth allowance	CA	529
Assistance in education – transport costs	AETC	513
One-off cash assistance	OCA	39
New-born child allowance	NCA	36
Funeral costs	FC	12
troškovi sahrane	TS	12

## 7.5. Final observations, recommendations

Of the total number of families that receive some social benefit (26,737), as many as **81 percent (21,769) receive at least two social benefits**. Of the families receiving the FA, only 1,424 (17%) receive one benefit (FA), while as many as 7,143 (83%) families receive some other social benefit in addition to the FA. Thus, the total monthly reference amount for the FA and benefits received based on the FA is €1,244,254.44, i.e. it is 50 percent higher than the amount paid for the FA (€829,773.69). The biggest share is paid for the entitlement to the CA (69%), and the largest amount paid for the FA and related entitlements is €341.06 for a family in social need, which is significantly lower than the amount paid for entitlements that can be related to the PDA (€560.30), which means that the family is not necessarily in social need.

The average FA family has 3.36 members, and the average amount per family (FA + related benefits) is only €145.24 per month, that is, an average of €43.22 per FA family member. Compared to this amount, the average allocation for a personal disability allowance beneficiary (an individual) is €403 or €560 for PDA beneficiaries who receive six different benefits, while the average allocation for a care and assistance allowance beneficiary amounts to €94.52, based on multiple benefits. About €1,225,000 are allocated monthly for the FA for about 28,500 family members, A slightly lower amount of about €1,050,000 is allocated for about 10 times fewer people or 2,604 beneficiaries of PDA, while the amount of about €1,700,000 is allocated monthly for 17,978 CAA beneficiaries. It is indicative that the entitlement to travel benefits is used by only a quarter of CAA beneficiaries (25%), and that significant funds (€171,975.45) are allocated for this entitlement, which amounts to an average of €38.38 per beneficiary. This amount is as much as 57 percent of the amount for care and assistance allowance (€67.50). Although the ministry has changed the rulebooks related to this right on several occasions in recent years, there is no solid evidence that it is possible to fully prevent possible misuses of this entitlement. Therefore, the only thing that can be recommended is to intensify inspection controls of public carriers and bus stations.

The largest number of benefits, six and seven, are received by families, a member of which is entitled to one of the category-based benefits, personal disability allowance or care and assistance allowance, and these families also receive the highest amounts. The highest amounts, which exceed €1,000, are received by families with several members who receive one of the category-based benefits, while one of their parents receives an “allowance for a parent or a guardian of the beneficiary of personal disability allowance”.

All in all, we can conclude that the FA is a well-designed SB because, in addition to the basic entitlement, beneficiaries, especially families with children, receive an additional “package” of assistance together with the FA in the form of other entitlements derived from the FA. Although the amount paid as the FA is low, it must not be viewed separately, but always together with other entitlements that come together with the FA. Also, the package provided by the FA for beneficiaries able to work must always be viewed in the context that employed citizens with low income must not be brought into an unfavourable position compared to FA beneficiaries. Of course, the issue of informal work must be taken into consideration, i.e. the income that FA beneficiaries make through unregistered work, with so-called informal work.

This scenario, which implies an average income from the FA and related entitlements of €145.24, and with potential income from informal work, leads to the conclusion that **having a low-paid job is not worth the effort**. This is a demotivating factor and a significant part of the reason why it is very difficult for a CSW and the EAM to activate FA beneficiaries who are able to work, despite all the efforts that are being undertaken. Probably the worst scenario is that people able to work and in their prime, with minor children, depend on the FA and live in poverty, which is sometimes multi-generational, unfortunately. According to the Family Law, parents have to support their underage children, as required by an imperative legal provision, and it is not good if they do not make any income, even if it is through informal work.

It is recommended, to this effect, that relevant inspection authorities focus their efforts, within the announced programme to subsidize new jobs, on suppressing informal work and facilitate the legalization of the informal jobs of FA beneficiaries. The welfare to work (W2W, welfare2work) transfer would make the reduction of budget allocations for social protection possible and, at the same time, would increase budget revenues from paid taxes and contributions.

## 8. Annex: Analysis of trends with applications for one-off cash assistance as an indicator of the crisis caused by the pandemic

By comparing the data from the SWIS on the number and structure of applications for one-off financial cash (OCA) submitted by citizens to the centres for social work (CSW) in the period March–December 2020, we indicatively analysed potential worsening of the financial situation of the most vulnerable members of the population caused by the outbreak of the pandemic.

The review that follows analyses applicants for OCA who are beneficiaries of the family allowance (FA – last resort cash transfer), i.e. those who are poor and as such are already in the social protection system, and compares them with people whose families do not receive the FA, i.e. potentially the new poor. The analysis of applicants for OCA is given by municipality or region, and by gender and age.

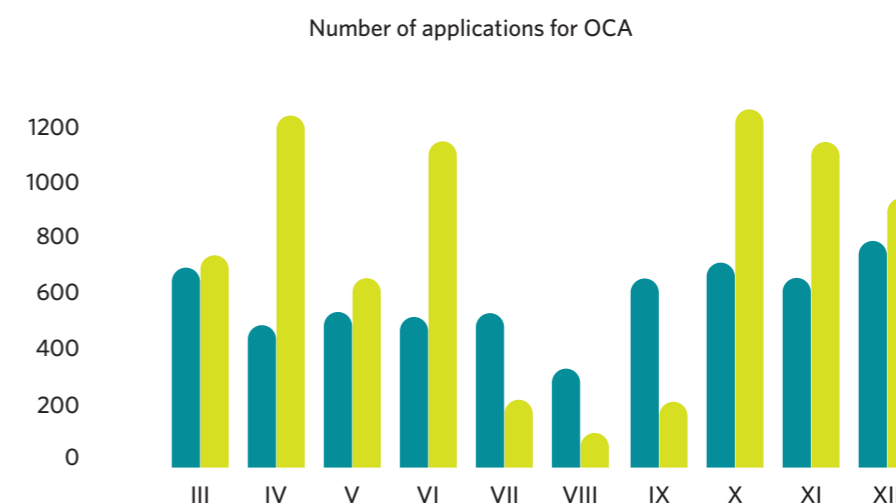
### 8.1. Comparison of the number of OCA applications for 2019 and 2020

Within the comparative period of 10 months in 2019 (March–December), centres received **5,832** applications in total, and **7,498** applications over the same period in 2020, which means that the number of applications increased by **29 percent**.

We must highlight that, due to the process of parliamentary elections that took place over a period of almost three months, and in accordance with election legislation that prohibits OCA payments for a certain period of time, the number of applications significantly dropped, because citizens were informed that they could not get OCA during that period. If months 7, 8 and 9 are excluded from comparing the number of applications, because in those months applications for one-off cash assistance could not be filed, then there were **4,325** applications for OCA in 2019, and **6,925** in the same period in 2020. This means that, during the period of seven months in which it was possible to apply for OCA, the number of applications increased by as much as **60 percent**, and for the abovementioned reasons this data is more relevant than the data for all 10 months.

Graph 1 shows the number of applications for OCA filed in centres for social work from March to December 2019 and during the same period in 2020.

**Graph 1:** Comparative number of applications for OCA for 10 months in 2019 and 2020



### 8.1.1. Analysis by centre for social work and region

Table 1 shows the number of applications by centre for social work and by their branch office or municipality, for the period March–December 2020.

**Table 1:** Number of applications by centre/branch office

Name of CSW/BO	Number of applications
CSW Bar	760
CSW Berane	1,541
CSW Bijelo Polje	483
CSW Cetinje	384
CSW Danilovgrad	380
CSW Herceg Novi	261
CSW Kotor	299
CSW Mojkovac	208
CSW Nikšić	2,803
CSW Plav	488
CSW Pljevlja	333
CSW Podgorica	4,378
CSW Rožaje	1,268
BO Andrijevica	120
BO Budva	140
BO Golubovci	228
BO Gusinje	241
BO Kolašin	218
BO Petnjica	283
BO Plužine	38
BO Tivat	150
BO Tuzi	114
BO Ulcinj	226
BO Šavnik	42
BO Žabljak	89

The number of applications by regions is presented in Table 2. It is given as a percentage of the total number of applications. It can be noted that there was an increase in the number of applications for OCA in the central region in the last three months of 2020, while a decrease in the total number of applications was recorded in the southern and northern regions.

**Table 2:** Percentages of applications by regions compared to the total number of applications

Applications for one-off cash assistance										
MNE/region	03/2020	04/2020	05/2020	06/2020	07/2020	08/2020	09/2020	10/2020	11/2020	12/2020
MNE total applications for OCA	723	1,199	645	1,111	231	118	224	1,220	1,109	918
Central region (no. of applications %)	56.43%	58.30%	56.59%	36.45%	47.62%	18.64%	54.46%	52.54%	61.05%	64.27%
Northern region (no. of applications %)	33.06%	30.53%	32.71%	34.92%	40.60%	77.97%	41.96%	30.07%	27.95%	26.36%
Southern region (no. of applications %)	10.51%	11.18%	10.70%	28.62%	11.69%	3.39%	3.57%	17.38%	11.00%	9.37%

### 8.1.2. Analysis by age, gender and use of family allowance

Table 3 shows the shares of applications by the applicant's age, gender and use of the family allowance, for the period March–December 2020.

**Table 3:** Percentages of applications by region compared to the total number of applications

Applications for one-off cash assistance										
Institution	03/2020	04/2020	05/2020	06/2020	07/2020	08/2020	09/2020	10/2020	11/2020	12/2020
MNE total applications for OCA	723	1,199	645	1,111	231	118	224	1,220	1,109	918
Up to 25 years old	7.19%	4.67%	4.19%	7.02%	7.79%	6.78%	8.04%	5.90%	7.57%	7.41%
Age 26 to 40	23.65%	30.61%	23.26%	25.38%	25.54%	21.19%	23.66%	40.90%	34.45%	30.39%
Age 41 to 67	60.17%	56.38%	61.09%	56.62%	58.87%	59.31%	58.83%	48.77%	50.05%	54.79%
Older than 67	8.99%	8.34%	11.47%	10.98%	7.79%	12.71%	9.38%	4.43%	7.94%	7.41%
Applicant - male	41.08%	43.12%	42.17%	39.33%	40.26%	51.69%	37.05%	33.77%	34.27%	35.40%
Applicant - female	56.92%	56.88%	57.83%	60.67%	59.74%	48.31%	62.95%	66.23%	65.73%	64.60%
Applicant - FA beneficiary	27.39%	23.52%	30.23%	32.49%	38.96%	29.66%	33.93%	25.41%	22.81%	21.90%
Applicant - not FA beneficiary	72.61%	76.48%	69.77%	67.51%	61.04%	70.34%	66.07%	74.59%	77.19%	78.10%

### 8.1.3. Analysis by age

It is clear from the table above that, at the onset of the pandemic, in April 2020, the number of applicants aged between 26 and 40, i.e. from the working-age population, increased. The same thing happened in October 2020, when this category accounted for 40.90 percent of the total number of applications. Two months after that, a decline in the share of applications from beneficiaries from this category out of the total number of applications was recorded.

### 8.1.4. Analysis by gender

By analysing the gender of the applicants, the conclusion can be drawn that, throughout almost the entire observed period, the majority of applicants were women. The biggest difference was recorded in October 2020, when women filed as many as two-thirds of the applications, i.e. 66.23 percent of the total number of applications.

### 8.1.5. Analysis by use of the family allowance

Most of the applicants were not FA beneficiaries. Their share ranged from 67.51 percent in June to 78.10 percent in December 2020. An increase in the number of applicants who were not FA beneficiaries was recorded in the last three months.

### 8.1.6. Final observations

If citizens' applications for OCA are taken as an indicator of the impact of the current pandemic on their financial situation, then based on the abovementioned findings we can conclude that a crisis is evident. Thus, the number of applications for OCA increased by as much as 60 percent compared to what it was in the comparative period. Information that is even more concerning is that people who were not in the social protection system (67.51%), i.e. the "newly poor", sought this type of assistance the most, as well as the fact that most of these people were of working age (26 to 40 years old). This indicates that these

were people left without a source of income. The central region recorded an increase in the number of ad hoc applications in the last 3 months. Also, twice as many applicants for assistance were women, which may indicate a loss of jobs in service industries where women are predominantly employed.

## 9. Concluding observations and recommendations

A good national system of social protection, especially in smaller countries, is a system in which all social benefits are managed uniformly and in a centralized manner, i.e. under the authority of one department. In our case, that is social welfare within the MFSW. In general, our system is like this, with the exception of a few social benefits granted by other departments: old-age (agricultural) allowance (Ministry of Agriculture), benefits for persons with disabilities (EAM), electricity bill subsidies that are partly funded from the budget of the Ministry of the Economy and paid for by the MFSW, and benefits paid by local self-governments. Therefore, the first recommendation could be to consider the expediency of grouping all national-level benefits under the MFSW portfolio.

A good system also implies fewer but well-designed social benefits (SBs). We have as many as 18 types of social benefits in the social protection system, of which only the family allowance (and partially the child allowance) targets the poor, while other category-based entitlements (PDA, CAA, etc.) are also received by citizens of good financial standing, which often creates the perception among the lay public that “social money” is also being paid to the rich, to citizens of good financial standing.

**The crucial problem of the social protection system is that it pays only one quarter (25% – €14.5 million per year of €58 million in total) of the total funds allocated for social benefits to financially vulnerable people (the poor).** If benefits for mothers with three or more children and social services are taken into consideration, this share is significantly even lower. With the introduction of a quasi-universal child allowance for children up to 6 and for children up to 18 years of age, benefits for the financially vulnerable would only account for about 10 percent and 6 percent, respectively, of the total allocations for social benefits. **This undeniably points to the conclusion that the share of allocations for financially vulnerable or poor citizens needs to be increased.**

A key question is: what is the basic goal, the **purpose of social protection** or whom does it protect? The basic purpose of social protection is to protect those socially vulnerable citizens where other systems have failed,<sup>3</sup> i.e. the social protection’s only obligation should not be to improve the situation of families and children, as it is primarily the obligation of all other sectors (employment, education, housing, etc.). Social protection should not and cannot solve all problems, since that is not its “mandate”, but is rather the “mandate” of other sectors.

Therefore, instead of universality of benefits, the coverage of socially vulnerable citizens with family allowance should be increased by changing the criteria for the FA, based on **the analysis of the error of exclusion** (those who are in social need, but are not entitled to the FA due to rigid criteria), that is, greater coverage of financially vulnerable citizens with the FA should be made possible. It is extremely important to point out that families with children living in poverty or at immediate risk of poverty would receive with this a “package” of assistance in the form of the FA and benefits that are derived from the FA. This type of investment in combating poverty is much more expedient compared to the

<sup>3</sup> Family Law (Art. 7): It is the right of every person to make a free decision on having his/her children, and as a parent to create the possibilities and ensure conditions for their healthy mental and physical development in the family and in the society. Through measures of social, health and legal protection, the system of education and informing, employment policy, housing and taxation policy, as well as through development of all other activities for the benefit of the family and its members, the state shall secure conditions for free and responsible parenthood.

child allowance, because a child allowance of €30 cannot pull a family out of poverty, nor can it help meet the children’s developmental needs. Meeting those needs is primarily the responsibility of the parents, and then of the preschool and school system and services in the community that assist and support children.

As for the proposal to increase the amount of the FA, the current amount of the FA is unquestionably low and it can barely provide for the most basic needs. **On the other hand, it is concerning that as many as 71 percent of families (with 26,850 members) of family allowance beneficiaries are able to work (families with children) compared to 29 percent of families (with 3,094 members) who receive it based on their inability to work.** As the amount paid for the FA is not sufficient to meet basic needs, the issue of unregistered work or so-called informal work of those FA beneficiaries able to work must be raised here. Therefore, when considering an increase of the FA for those able to work, one should bear in mind that the average income based on the FA and related entitlements, with the assumption of income from unregistered work, **can lead to the conclusion that working for a low wage is not worth the effort, but that it is better to work informally and receive “social money”.** In addition, through amendments to the Law on Social and Child Protection, it is of vital importance to restore the previous solution that the requirement for entitlement to the FA is that a person able to work is registered as unemployed at the EAM. The current legal solution has caused unnecessary problems in implementation and has put an unwanted burden on the centres. It is also necessary to align contradictory legal solutions (in accordance with the amendments to the Employment Act from 2019), in terms of the definition of active job seekers, since it is doubtful whether all FA beneficiaries are really active job seekers.

It is recommended, to this effect, that relevant inspection authorities focus their efforts, within the announced programme to subsidize new jobs, on suppressing informal work and thus facilitate the legalization of the informal jobs of FA beneficiaries. The welfare to work (W2W, welfare2work) transfer would make the reduction of budget allocations for social protection possible and lead to an increase in employed people.

In order to achieve greater coverage with the FA, the prescribed criteria for the FA should be reduced, primarily the surface area for ownership of land and agricultural forests, which, as the study showed, are the most common obstacles to entitlement to the FA (25% – exclusion error). In most cases it is non-arable land, i.e. land that cannot be valourized through farming or through sale, and thus essentially does not contribute to the family’s income.

In the absence of the social pension mechanism in Montenegro, elderly people (67+) who are unable to work and have no other income or assets are entitled to an FA of only €68.30. Within that category, single people account for as much as 86 percent, and households with two members unable to work, who receive €76.20 per month, account for 11 percent of households, so one- and two-member households account for a total of **as much as 97 percent of elderly beneficiaries of FA who are unable to work.** According to the findings of this study, which is the first to address this issue, it is indisputably necessary and a priority to increase the amount of the family allowance for all people unable to work, and primarily for people older than 67 who are the most vulnerable. Needless to say, it is not possible to live on this amount and this is one of the most socially vulnerable groups. It is, therefore, a priority to increase the amount of the FA for these people through a legislative solution. The study also analysed elderly people entitled to the old-age allowance (OA) of €102 per month, which is paid by the Ministry of Agriculture and Rural Development. The simulation showed that these people cannot be eligible for the FA due to land ownership (a condition for OA), so it is impossible to “combine these two entitlements”. One can conclude that, since they receive an amount of €102 and own property, they are in a more favourable position compared to elderly people unable to work who receive the FA (€68) and have no property or income.



In order not to bring people receiving the minimum old-age pension into an unfavourable position, the proposal is to increase the FA for these people to an amount that would be 20 to 30 percent lower than the amount of the minimum pension (€145), bearing in mind the duty of the spouse, children and other people to provide support in line with the Family Law. Thus, the FA for an individual would amount to €101.50 (30% lower than the minimum pension) and €116 (20%), or for two family members €117.43 (30%) and €134 (20% lower) respectively.

- ✓ Single persons unable to work (67+):  
 $€101.50 - €68.30 = €33.20$ ; For 464 beneficiaries  $\times$  increase of  $€33.20 = €15,404$  per month  $\times$  12 months =  $€184,858$  per year.
- ✓ Two-member family, both unable to work (67+):  
 $€117.30 - €76.20 = €41.10 \times 57 = €2,343 \times 12$  months =  $€28,112$  per year.
- **A + B total €212.970 per year.**

If the FA amount were to be increased by 20 percent for other beneficiaries unable to work as well, the FA for a one-member family would be €79.00, and for a two-member family €91.44 per month.

- ✓ Other beneficiaries unable to work (commission findings) 1,906 beneficiaries  $\times$  20% increase, an additional €26,000 per month needs to be allocated or €312,000 at the annual level
- **A + B + C total: €524,970 annually.**

If the FA amount were to be increased for other FA beneficiaries as well, i.e. those able to work or an additional 5,500 families, based on the payment in May 2020 for FA beneficiaries able to work that amounted to €665,845, with an increase of 10 percent (€66,584 per month), it would require an additional allocation of €799,014 annually.

- **FA – A + B + C + D = €1,323,984 annually**
- ✓ If the current proposed amendments to increase the CA for existing beneficiaries (14,000 children  $\times$  ~€20) are adopted, an additional €3,360,000 would have to be allocated per year.  
**FA + CA (A + B + C + D + E) = €4,673,984 annually**

As for category-based benefits, the reform of the disability assessment system<sup>4</sup> will create conditions for a review of the status of beneficiaries of disability-based entitlements. There are roughly 55,000 of them in all sectors (social protection, employment, PDI Fund, war veterans and disability protection, and education). The reform also creates a precondition to consider the introduction of an inclusive allowance for persons with disabilities. By introducing an inclusive allowance, as many as eight types of entitlements could be abolished and thus the number of benefits could be optimized. Together with the relocation of assessments from the centres, this would significantly relieve the burden on centres. Compared to the FA, with €1,225,000 allocated for financially vulnerable citizens per month for around 28,500 family members, €1,050,000 is allocated for 2,604 beneficiaries of all PDAs (without related entitlements), which is almost 10 times the amount in favour of PDA. However, the cost of living of a person with a disability is significantly higher than the cost of living of a person without a disability, so as a prerequisite for considering the introduction of an inclusive allowance or for increasing the amount of the

4 <[www.me.undp.org/content/montenegro/sr/home/projects/reforma-sistema-utvrivanja-invaliditeta.html](http://www.me.undp.org/content/montenegro/sr/home/projects/reforma-sistema-utvrivanja-invaliditeta.html)>

existing entitlements (PDA, CAA, etc.), a quality analysis of the cost of living of a person with disabilities should be done. Just for illustration, some initial considerations regarding the amount of the inclusive allowance may involve three categories (depending on the required level of support), if the current level of total allocations for category-based benefits, which account for 69 percent of the expenditures on SBs, is taken as a framework. So, for example, people with the second level of support could receive €150; people with the third level – €300; and people with the fourth level of support (people who need 24-hour-long care and assistance) would receive €700. Of course, it goes without saying that social and other services and their financial implications must also be considered here. The inclusive allowance seems like a good solution also because we now have an unfair situation whereby, for example, PDA beneficiaries who are employed, that is, those who do not need major support, are entitled to the same PDA (the same amount) as people who need third-party assistance 24 hours a day. The introduction of levels of support and, accordingly, better targeting with social benefits and services, seems to be a fairer solution for persons with disabilities and their families, and at the same time a way to prevent possible misuses. Relocation of disability assessment from the centres and a reduction of the number of benefits from seven to one **would significantly relieve the burden on the centres**, and professional staff would finally be able to devote more time to social work with beneficiaries.

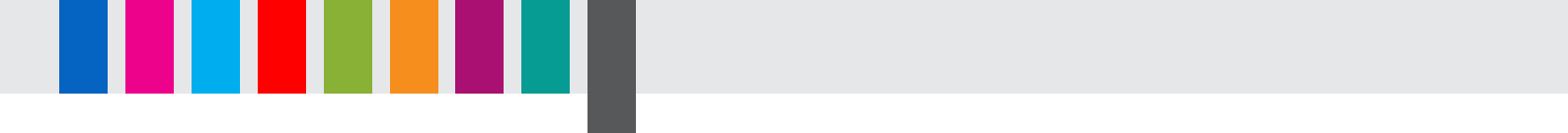
The study showed that it is indicative that travel benefits are used by a quarter of CAA beneficiaries (25%), and that significant funds of €171,975.45 per month are allocated for this entitlement, which is an average of €38.38 per beneficiary. That amount is as much as 57 percent of the amount for the CAA (€67.50), so the abolition of that entitlement can be considered in order to increase the CAA, and stay within the current budget allocation for that entitlement.

As for the social and economic status of PDA beneficiaries, the study findings may be summarized in a similar way. **Only 1.9 percent (51) of PDA beneficiaries live in families entitled to the FA**, which is an initial indicator that these families are not in social need in the same way as FA families. The average PDA family has 3.23 members and an average monthly income of €595. The income from social benefits can be added to that amount, which is €403 per month on average for a beneficiary of the personal disability allowance. Depending on the number of entitlements (up to six) that PDA beneficiaries can have, this amount ranges from €189.19 to €560.30, i.e. in total with an average monthly income (€595) this turns into an income ranging from €784.19 to €1,155.30, which significantly exceeds the amount of the minimum wage (€222) or average salary (€530).

**As many as 83 percent of families receive some other social benefit derived from the FA.** The most common are the child allowance (69% of families) and the electricity bill subsidies (60% of families). Thus, a total of €1,244,254.44 was paid for the FA and benefits received based on the FA (December 2019), which is about 40 percent more than the amount paid only for the FA (€829,773.69).

The average FA family has 3.36 members, and the average amount per family (FA + related benefits) is only €145.24 per month, that is, an average of **€43.22 per FA family member**. Compared to that amount, the average allocation **for PDA beneficiaries amounts to €403, while this is €560** for PDA beneficiaries who receive six different benefits (197), while the allocation **for CAA beneficiaries amounts to €94.52. While around €1,225,000 are allocated monthly for the FA and related entitlements for around 28,500 family members, a slightly lower amount of around €1,050,000 is allocated for 2,604 PDA beneficiaries and an amount of €1,700,000 for 17,978 CAA beneficiaries.**

The largest number of benefits, six and seven, are received by families of which a member is entitled to one of the category-based benefits, the personal disability allowance or care and assistance allowance, and



these families also receive the highest amounts. The highest amounts, which exceed €1,000, are received by families with several people receiving one of the category-based benefits, while one of their parents receives allowance for a parent or a guardian of the beneficiary of the personal disability allowance.

The total paid funds for benefits derived from the PDA for December 2019 amount to €1,046,730.84, which is 115 percent more than the amount paid for the PDA (€486,184.95). The most common derived entitlement is the allowance for a parent or a guardian of a beneficiary of the personal disability allowance (APG), which is received by 82 percent of parents or guardians. Funds of approximately the same amount as for the basic entitlement – the PDA – are allocated for this one as well. What is questionable about this entitlement is whether all the beneficiaries actually care for the PDA beneficiaries. Therefore, it is necessary to consider an amendment to the legislation to ensure that they really care for that person (and to what extent), to avoid potential misuses.

The analysis of multiple benefits showed that an additional 50 percent of these (FA) funds is allocated for other benefits derived from the FA, for the PDA an additional **115 percent** for benefits derived from the PDA, and for the CAA an additional 32 percent of funds for entitlements derived from the CAA.

In order to further relieve the burden on the social protection system, three work-related benefits should be relocated/excluded, and these are: 1. Refund of salary compensation for maternity leave; 2. Refund of salary compensation for paternal leave; and 3. Refund of salary compensation for part-time work. These are not benefits, but refunds from employment-related social insurance and therefore do not belong to the social protection system. Comparative solutions from the region confirm this, and these entitlements are granted by the Health Insurance Fund or by the National Employment Agency. Centres for social work would be additionally relieved if these entitlements were moved out of the social protection system.

The analysis of the increasing trend of applications for one-off cash assistance (OCA), given in the Annex of this study, shows that social protection is the first address for citizens who find themselves in social need due to social risks (job loss, death, illness or disability). The number of OCA applications increased by as much as 60 percent compared to the comparable period in the previous year. Information that is even more concerning is that this benefit is being sought by people who are not in the social protection system (67.51%), i.e. the “newly poor”, as well as the fact that, unfortunately, most of these people are of working age – 26 to 40. Therefore, we can conclude that the effects of the current crisis caused by the pandemic are evident, so a further continuation of this trend is to be expected, which should also be taken into consideration when projecting budget allocations for social protection.

Given that the FA is awarded to families and individuals without income and assets or up to the prescribed thresholds, and that the amount of those benefits cannot meet their basic needs, the possibility to define an obligation in the law to pay a one-off financial assistance to all those families, one that would depend on the number of their members or on the FA amount they receive, twice or once a year, can also be considered.



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