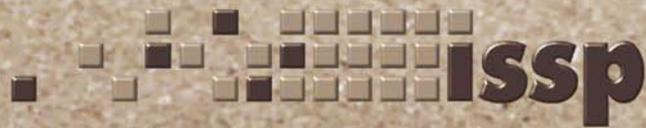


Institute for Strategic Studies and Prognoses



DIVERSITIES - POTENTIAL FOR DEVELOPMENT

**HUMAN
DEVELOPMENT
REPORT**
for Montenegro



Institute for Strategic Studies and Prognoses



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Diversities – Potential for Development

Montenegrin Human Development Report



Podgorica, September 2005

Montenegrin Human Development Report 2005

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Abbreviations used in the document

- GDP** – Gross Domestic Product
- GNP** – Gross National Product
- CARA** – Centre for Applied Research and Analysis
- CEED** – Centre for Entrepreneurship and Economic Development
- CAS** – Country Assistance Strategy
- CBM** – Central Bank of Montenegro
- EBRD** – European Bank for Reconstruction and Development
- GDI** – Gender Development Index
- GEM** – Gender Empowerment Measure
- GER** – Gross Enrolment Ratio
- HDI** – Human Development Index
- ISSP** – Institute for Strategic Studies and Prognoses
- Monstat** – Statistical Office of Montenegro
- MIPA** – Member Investment Promotion Agency
- MDG** – Millennium Development Goals
- OSCE** – Organization for Security and Co-operation in Europe
- PPP** – Purchasing Power Parity
- WTO** – World Trade Organization
- UNDP** – United Nations Development Programme
- UNICEF** – United Nations Children’s Fund

Preface

Diversity management and respect for cultural identity is the challenge that almost all the countries of the world are facing.

Today, Republic of Montenegro represents a melting pot of various ethnic groups (Montenegrins, Serbs, Muslims, Albanians, Croats, Roma and Bosnians), religious beliefs (Orthodox, Catholic, Islam), as well as of other types of differences (urban and rural population, different cultural forms of behavior exist in different regions, etc). It managed to avoid the ethnic conflicts and extreme polarization between religions, cultures and other identities of individuals and groups. This is the asset that creates an opportunity in Montenegro to develop a coherent Montenegrin identity that goes beyond the mere belonging to a specific group.

There is no doubt that Montenegro is being transformed into a pluralist type of democracy and with every day that goes by it is becoming an increasingly open society. While it should be mentioned that many things can be done in this field, it is also necessary to emphasize that a lot of effort has been invested into the democratization of the Republic. Montenegro today represents a developing democratic society that has made important steps in relation to the protection of minority rights.

Irrespective of the multiethnic composition, Montenegro remained a peaceful and safe zone during the war conflicts in the territory of former Yugoslavia. One of the reasons for it is the fact that ethnic tolerance in Montenegro in that period, as well as today, is at a very high level. The social cohesion that was developed through generations has overpowered the forces of nationalism and ethnic disharmony, which have prevailed in the other parts of the region. This is one of the most positive characteristics of the Montenegrin society – its strong ethnic harmony and willingness of the people to live and work together.

This report is an attempt to use in operational terms the idea of diversity as a development resource. Its key message is simple: **future coherent Montenegrin identity** is feasible, not to the account of, but due to the existing diversity. The protection and strengthening of the existing nature of the Montenegrin society, based on diversity, is a necessary precondition for the sustainable human development.

**President of the Republic
of Montenegro
Filip Vujanović**



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Introduction

Managing diversities and respecting cultural identities are by no means challenges faced by just a few “multi-ethnic societies”. On the contrary, there is almost no country in the world that can be regarded as totally homogenous. Over 200 states in the world are populated by over 5,000 different ethnic groups. In two-thirds of all countries in the world there is at least one significant minority – an ethnic or religious group making up at least 10% of the overall population. Various languages, religions, cultures and ethnicities co-exist in relatively small territories of individual states. In the context of on-going globalization, they are bound to increase in number and importance alike. While prejudices still instil fear of new conflicts, the view that well-managed diversities themselves represent the source of positive social changes and advancement is increasingly taking root around the globe. The development of national unity each state strives for, is feasible exclusively on the foundations of these diversities. What needs to be done to achieve this?

There are various approaches to diversities. The Balkan experience shows that a “disregard” of diversities and a lack of trust in “others” become the sources of tragedies and national catastrophes. Future generations will remember the consequences of their ancestors’ lack of understanding and intolerance; false pride and fear will distance people from each another, thus slowing down the common growth.

Montenegro is a country in which different nationalities have co-existed throughout history, co-operating in peace and harmony with each other. Albanians, Bosniaks, Montenegrins, Croats, Muslims, Serbs and many other ethnic groups have always lived side by side, despite the fact that in certain periods of history (the Balkan Wars, World Wars and recent civil wars) tension and hostility mounted, culminating in major or minor ethnic conflicts. Still, nearly all authorities in Montenegro have strived to cherish multiculturalism, which was particularly stressed during communist rule. The social system was clearly based upon the idea of “brotherhood and unity of peoples”.

Montenegro is undoubtedly growing into a pluralist democracy, becoming a more and more open society every day. Although much can still be

done in that direction, it must be emphasised that great efforts have certainly been made towards democratizing the Republic. Montenegro today is a growing democracy that has taken notable steps towards the protection of minority rights. By way of an illustration, Albanians have a local government in Ulcinj, while the Parliament reserves seats for representatives of minority groups, their representation being guaranteed by the Constitution. All minority groups have their own political representatives taking an active part in the political life of Montenegro and directly influencing it. Improvements have also been made in the area of education, through an advancement of teaching the languages of the minorities.

The last decade of the twentieth century was exceptionally turbulent and traumatic both for the population of Montenegro and for all citizens of Southeast Europe and the Balkan region. The break-up of the Socialist Federal Republic of Yugoslavia (SFRY); wars on the territory of the former Yugoslavia; international sanctions; the NATO bombing campaign; economic decay and hyperinflation; the period of transition; political changes and struggles for power; the awakening of nationalism – are but a few in a plethora of misfortunes and hardships that have affected the Montenegrin population. All generations have experienced the changes turning the country from one with high living standards and individual freedoms (at least in comparison to other socialist and communist countries) to one where the fundamental principles of human rights and civilized society are being severely threatened.

Overnight, peace turned into a war waged between neighbours, between people born in the same country and living in it together for many years. All of a sudden, friendships ceased to exist, families were torn apart and the vision of peace, progress and humanity disappeared. A large number of families abandoned their basic, honourable and civilized way of life, engaging in activities they had previously disapproved of: nationalist ideologies, smuggling or the grey economy. Many households, formerly relying upon employment, were compelled to start their own businesses in order to survive. Many emigrated to other countries, too. Those who remained in the country, particularly the young, were exposed

to the gruesome and traumatic experiences and images of the Balkan civil wars that left a lasting imprint on their memory. Economic indicators and figures alone are incapable of calculating the impact on the human soul or measuring people's anguish and joy; they are incapable of representing people's freedom.

Montenegro escaped the worst destruction, caused by the break-up of former Yugoslavia. Still, there remains something that is at once both a relief and a dilemma – the fact that Montenegro, despite all the problems stemming from the dissolution of former Yugoslavia and despite its diverse ethnic composition, remained a relatively peaceful and safe zone. This is partially due to the fact that ethnic tolerance in Montenegro was, and still is today, at a very high level. Societal cohesion, which had developed over generations, overpowered the forces of nationalism and ethnic disharmony that prevailed in other parts of the region. This is one of the greatest and most remarkable assets of Montenegrin society – its pervasive and strongly entrenched ethnic harmony that all citizens are eager to maintain, actively contributing to its strengthening. Montenegro – at an important juncture of its history – wishes to build on these positive foundations for the sake of future generations. The Montenegrin Human Development Report offers suggestions aimed at supporting this noble goal.

The events, parameters and processes – including civil strife – that took place in the course of the break-up of the former Yugoslavia, should be viewed from the historical and anthropological perspective of the Balkans. This implies the foundations of society and cultural traditions laid down by the Ottoman Empire, by communism and other more recent events which somehow led to a “deficit of democracy” and human development and restricted the transformation of the people into individuals!

Definitions of multiculturalism are highly dependent upon the context. Besides this, the concept of multiculturalism continuously changes as an increasing number of people make their voices heard to a continually growing audience. Multiculturalism is a “policy or process whereby the distinctive identities of cultural groups within such a society are maintained or supported”. Some experts claim that one of the main shortcomings of multiculturalism is the fact that, within it, collective rights are paid greater attention than individual rights.

Multiculturalism values the diverse perspectives people develop and maintain through a variety of experiences and backgrounds stemming from racial, ethnic, gender, sexual orientation and/or class differences in our society. It strives to uphold the ideals of equality, equity and freedom and includes respect for individuals and groups as a principle fundamental to the success and growth of the country.

This report is an attempt to operationalize these opportunities. Its main message is simple: **future coherent Montenegrin identity** is possible, not at the expense of, but thanks to, the existing diversity. Retaining and empowering the diverse nature of Montenegrin society is a necessary precondition for sustainable human development.

However, utilizing diversities for the benefit of human development is neither an automatic nor an irreversible process. On the one hand, many aspects of people's identities can be complementary to each other – but also mutually exclusive and conflicting, depending on the current socio-political setting. The setting is a matter of policy decisions, as the final outcome – whether diversities will contribute to human development opportunities or not – is a matter of choosing the relevant policy approach. On the other hand, not all diversities can be incentives for human development. Income inequalities, for example, if not matched with development opportunities, could have destructive potential and turn into a restraint on societal cohesion and progress.

These are the issues that the report deals with. Starting from a profile of major diversities within Montenegrin society, it analyzes their potential impact on human development – how and under what circumstances these diversities can function as incentives and under what circumstances they could turn into a disincentive for human development. Based on this analysis some major scenarios are outlined and a set of recommendations suggests possible policy options.

The objective of the report is not to provide a “policy blueprint” for managing diversities. Its intention is rather to provoke debate and thinking on a crucial issue that is (and will be for years to come) the main challenge in Montenegro: what are the roots of our identity, what are its constituent elements and what are the optimal policy options that would help turn the potential threats to societal cohesion into the sources of its strength and prosperity.

Chapter 1: Human Development Challenge in Montenegro

Recent experience in certain countries' development affirmed once again the need to pay special attention to the existing link between economic and human development. A large number of countries with a rapid pace of development are facing the fact that high rates of domestic product growth fail to reduce and/or eliminate the socio-economic problems that a significant portion of the population is beset with. High income does not ensure protection from problems such as drug and alcohol abuse, AIDS, homelessness, violence, terrorism or family break-up. On the other hand, low-income countries have shown that it is possible to achieve high levels of human development if available tools are utilized efficiently and appropriately to build and further enrich human capacities.

In that sense, human development is the process of extending the possibilities for individuals while directing the course of their own lives (who they want to be and what they want to do). That choice should offer the possibility of living long and healthy lives, reaching desirable levels of education, with adequate living standards.

Human development has two basic characteristics: 1) enriching human capacities (through improved health, knowledge and skills), 2) utilizing the capacities – for entertainment, production, and activities in the cultural, social and political area. Human development signifies more than just health, education, decent living standard and political freedoms. Everyday experience confirms the fact that the increase of production and wealth are merely tools, while the ultimate developmental goal should be people's general welfare. In a time of universal globalization, cultural diversities and freedoms give additional dimensions to human well-being.

Montenegro's Human Development Profile

This section focuses on human development in Montenegro, trying to illuminate its basic components and determining factors. These include economic, demographic, social and other dimensions of human development such as health services, education, environmental protection, etc.

The National and Global Human Development Reports have, over the past years, provided a rich source of information on all dimensions of human development at the country level and internation-

ally. Among the most useful statistical exercises undertaken on a yearly basis are the calculations of the Human Development Index (HDI), Human Poverty Index (HPI), Gender Development Index (GDI) and Gender Empowerment Measure (GEM). These various indices are used to compare the performance of individual countries over time and the performance against other countries – and have helped to draw attention to some of the most pressing social and economic issues facing all countries – with a focus on poverty and gender inequality – and what this implies for economic and social policy.

The key indicator of human development analysed in this section is the Human Development Index which has been calculated for the whole of Montenegro and for the individual municipalities. This is the first time that the HDI (including a series for earlier years) and the other indices have been published for Montenegro.¹ (For technical notes regarding the HDI computation methodology see the Appendix to this Report)

According to calculations, the HDI for 2004 in Montenegro was 0.799, which is slightly higher than in 1991 (at the beginning of the transition process and political crisis in the region). (See Table and Graph below.) Over time, average life expectancy has slightly decreased (from 75.2 to 73.1 years) but adult literacy rates have increased to 97.5 percent. However the value of GDP per capita (PPP) has increased somewhat since 1991, from \$5,347 to \$6,641 in 2004 - or by approximately 24.2%.² Over the intervening years, a fall in GDP per capita was recorded, but after 1999 there was a recovery until 2004. ISSP estimation shows that human development in Montenegro started growing from 1999 onwards.³ The HDI in the period from 1999-2004 had positive growth rates and increased from 0.760 (1999) to 0.799 (2004).

¹ While the UNDP calculates the HDI as the measure of human development for almost all the countries in the world, it is recognized that the concept of human development is wider than its indicator. The HDI encompasses three essential components of human existence and is based on the following:

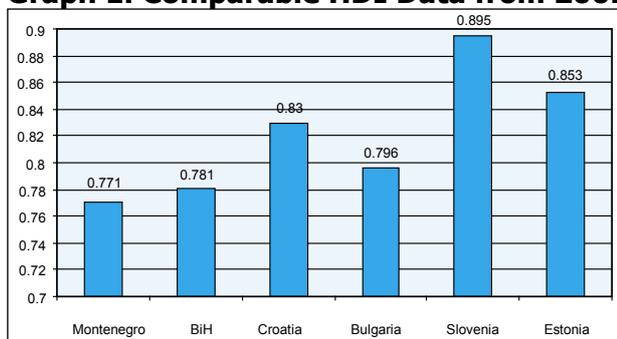
- a) Average life expectancy;
- b) Literacy rates; and
- c) GDP per capita based on purchasing power parity in US dollars (PPP \$).

² The largest increase occurred in 2003 and 2004, and was largely due to US dollar depreciation (the US dollar depreciated by 19.6% compared to the Euro in 2003, and 9.9% in 2004)

Compared to other countries in the region, Montenegro has a medium level of human development (between 0.5-0.8). These are the levels calculated in 2002 for the following countries: Bulgaria (0.796), Russia (0.795), Macedonia (0.793), Albania (0.781), Bosnia and Herzegovina (0.781), Romania (0.778), etc.

Other transition countries have achieved high levels of human development (in 2002): Slovenia (0.895), the Czech Republic (0.868), Estonia (0.853), Poland (0.850), Hungary (0.848), Lithuania (0.842), Slovakia (0.842), Croatia (0.830), and Latvia (0.823). Graph 1 shows HDI values in 2002 for Montenegro and a range of other countries that Montenegro is most commonly compared to, in terms of progress and transition achieved.

Graph 1. Comparable HDI Data from 2002

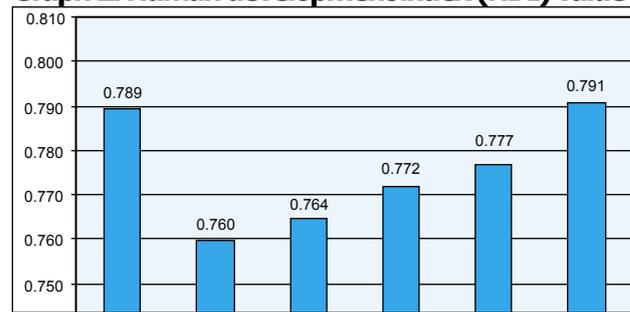


The following Table contains indicators used for HDI computation in Montenegro.

Table 1: HUMAN DEVELOPMENT INDEX (HDI)							
	1991	1999	2000	2001	2002	2003	2004
Life expectancy at birth (years)	75.2	73.4	73.4	73.4	73.0	73.1	73.1
Adult literacy rate (%)	94.9	97.5	97.5	97.5	97.5	97.5	97.5
Combined primary, secondary and tertiary gross enrolment ratio (%)	70.2	74.8	74.0	72.4	74.2	72.5	73.9
GDP per capita (PPP US\$)	5,347	3,107	3,430	4,035	4,438	5,834	6,641
Life expectancy index	0.837	0.807	0.807	0.807	0.800	0.802	0.802
Adult literacy index	0.949	0.975	0.975	0.975	0.975	0.975	0.975
Gross enrolment index	0.702	0.748	0.740	0.724	0.742	0.725	0.739
Education index	0.867	0.899	0.897	0.891	0.897	0.892	0.896
GDP index	0.664	0.574	0.590	0.617	0.633	0.679	0.700
Human development index (HDI) value	0.789	0.760	0.764	0.772	0.777	0.791	0.799

³The growth was dominantly influenced by an increase in the literacy rate from 94.9 in 1991 to 97.5 ten years later, as well as by an increase in GDP per capita (PPP), which occurred in 2003 and 2004 due to US dollar depreciation and an average positive real GDP growth rate of 2.5% per year. Purchasing power in Montenegro grew in these years due to the Montenegrin economy's high reliance on imports. Because of fluctuations on the international currency exchange market, a considerable portion of imported goods and services became less expensive in real terms as compared to the euro, as the only official currency, thus making a positive influence on the population's purchasing power. Accordingly, the positive HDI growth trends recorded in the past few years were partly a product of external factors, i.e. they were not conditioned merely by positive economic trends in Montenegro; hence, it will be possible to make corrections in future HDI calculations. For further notes on PPP calculation in the Balkan region, see the reports of the Vienna Institute for International Economics (www.viiv.at).

Graph 2. Human development index (HDI) value



Human Development – More than HDI

The concept of human development implies the assumption that human development is multi-dimensional and encompasses various areas of human life. Some of them (such as economic development, education, or even the possibility of living a healthier life) are measurable. Some of the basic dimensions of human development are:

1. Economic dimension
2. Health and healthcare
3. Education
4. Environmental protection
5. Opportunities for participation in social life – in the community or at any other level
6. Protection of Human rights
7. Possibility of living a life with dignity

The first three dimensions are reflected in the HDI components. Other areas, however, are not measurable (or are difficult to quantify), which does not make them any less important from the

HDI Components

The human development paradigm states that development cannot be measured through the income dimension only, but must take into account other variables too. In addition to this multidimensionality, human development reflects a broad range of options which policy-makers usually face. Being composite, the HDI may be calculated in different ways to achieve similar values. The value, for example, may be the result of a high value of the economic component but at the expense of health – or the other way around. This makes the human development index a useful policy tool for assessing various policy options. This is why the analysis of various HDI components is no less interesting or important than the analysis of its dynamics over time or its comparison with HDI values in other countries.

The Economic Dimension

The economic dimension influences human development through a large number of components, implicitly reflected in GDP through economic conditions of life and economic choices. Economic conditions and choices have deteriorated in Montenegro since 1991 due to a drop in purchasing power, a rise in inflation, unemployment rate growth and increased economic uncertainty; since 2002, however, a steady improvement in the situation has been recorded.

Over the period from 1991-2004 the lowest level of GDP was in 1993, amounting to US\$1,706 (constant 1994 prices, informal economy included). This was a year characterized by hyperinflation and economic devastation in Montenegro. From 1993 GDP grew until 1999, when it declined significantly (8%) due to the war in Kosovo as a direct outcome of Montenegro's economic and trade relations with Serbia, its largest trade partner. Despite the fact that Montenegro was not heavily bombed, the NATO intervention in Serbia (Kosovo), coupled with the ongoing political instability in the Balkans, contributed to the poor economic performance in Montenegro. Compared to 1991, GDP in 2004 was at the level of 88.3%, while GDP per capita was 84.1%. In current prices terms, GDP per capita in 2004 was US\$ 3,076⁴, and compared to 2003, the real growth rate was 3.3%. GDP based on

purchasing power parity (PPP), which amounted to US\$ 6,641, is 2.15 times higher.

Government Spending. Public expenditure is about 46% of GDP. Montenegro's fiscal policy is still characterized by a high level of budget expenditure, which is designed to cushion the recession and the social crisis. The structure of total budget expenditure consists of: interest payments; wages and salaries; goods and services; social insurance and social security transfers; subsidies; reserves; and other non-interest expenditures and capital expenditures. According to this structure, the largest part of total government expenditures goes on wages and salaries (42.6% of the total expenditure in 2004) and social insurance and social security transfers (26.9% of the total expenditure in 2004). As in the majority of ex-socialist countries, a high level of public expenditure does not automatically imply high-quality social services. Another essential prerequisite, apart from adequate financial means, is public sector reform.

Foreign Trade. Montenegrin foreign trade exhibits a substantial merchandise trade deficit, up to 25% of GDP. However, as the services trade deficit is decreasing, the total trade deficit (goods plus services) declined from 25.6% of GDP in 2002 to 18.9% in 2004. While the ratio between imports and exports is extremely unfavourable on the external trade account, it nonetheless reveals the openness of Montenegro's economy and its high dependence upon imports. Another important indicator of the openness of the economy is the ratio of foreign direct investments (FDI) to GDP. In 2001, this ratio was 0.9% of GDP, rising to 6.5% of GDP in 2002, only to decline again to 3% of GDP due to the reduced privatization revenues and low green field investment rate.

Foreign Debt. According to the data obtained from the Ministry of Finance, on 31 December 2004 the total foreign debt of the Republic of Montenegro stood at €502.7 million. Expressed as a percentage of GNP, Montenegro's foreign debt was 32.75%⁵. Within the public debt structure, the country's debt with the World Bank makes up the largest share - 61.5%.

⁴€ 2,472

⁵ISSP calculation (GNP for 2003 was \$ 1,770.1 million)

Part of Montenegro's economic activity remains unregistered. The magnitude of the informal sector (the grey economy) is a matter of assessments and varies depending on the method used. The level of the grey economy in Montenegro and Serbia during 1991 was 41.7% of the registered GDP, while in 2002 it was 40%. The share of the grey economy in Montenegro during the last ten years was between 40-45% of GDP, reaching its peak level in 1996.

The grey economy in Montenegro is similar to that in many other transition countries or underdeveloped economies. The grey economy appears in the form of:

- Illegal import and distribution of excise goods;
- Circulation of transit goods on the domestic market;
- Circulation of export goods on the domestic market;
- Selling goods and services for cash with no records;
- High-interest money-lending beyond the legal framework (usury);
- Withdrawing and keeping cash outside the regular payment system;
- Privileged and illegal construction of buildings;
- Non-registered employment;
- Illegal timber clear felling.

The immediate causes of the grey economy in Montenegro may be traced to the disintegration of the system of governance during the time of conflict in the region and the sanctions imposed by the UN. Its continuation still represents a reflection of the failed system of governance and the uncertain economic conditions in the region. The grey economy operates both internally within Montenegro and in the important areas of cross-border trade and smuggling; it is closely associated with other illegal and criminal activities such as the trafficking of human beings, weapons and drugs.

In the recent transition period, numerous economic and political factors helped the creation of favourable ground for the development of the grey economy as a survival strategy. In such conditions,

the grey economy has been recognized as a way of coping. To some extent, everybody was involved in the grey economy. Therefore, income generated in the area of the grey economy helped maintain social peace under conditions when citizens faced unemployment, poverty, and generally lower living standards.

The main economic and legal causes of the emergence and persistence of the grey economy are:

- Overly high fiscal burdens: a large number of employers resort to various forms of tax evasion;
- Inefficiency, lack of motivation and the possibility of corruption among the authorized tax inspection services;
- The slow pace of transition processes reflected in outdated legal regulations not in compliance with EU standards;
- An inflexible and outdated labour-related legal framework;
- Lack of harmonization between Montenegro's and Serbia's economic and monetary systems reflected in different legal regulations pertaining to the customs, tax and monetary systems in the two republics;
- The difficult socio-economic position of Montenegrin citizens;
- An inadequate education system;
- A lack of programme channels ensuring legal employment;
- Administrative and bureaucratic obstacles, etc.

The main political cause of the grey economy is its acceptance for many years by the political authorities driven by their urge to maintain the status quo in the social area.

As regards the consequences of the grey economy, they are not easy to accurately define. First of all, it is necessary to distinguish the "grey economy", referring to legal but unregistered activities, from the "black economy", covering illegal activities (such as the trafficking of illegal weapons, drugs, human beings etc). Such a distinction is useful from a policy perspective as no unified policy towards "informal" economy is possible – exactly because of its heterogeneity or informality. The "black" one is unacceptable in the short and in the long run alike and fighting it may be the Government's

priority. The “grey economy”, however, in the short run might be worth turning a blind eye to or at least not combating it explicitly, as it is a lesser evil than extreme poverty (following the assumption that the “grey economy” is better than “no economy” at all); still, in the long run, the drawbacks undoubtedly outweigh the benefits. Any kind of informality implies no social or health insurance, no job protection for employees, drained pension funds and less tax revenues for the Government. Tolerating the informal sector also means tolerating unfair competition with the formal one (thus indirectly subsidizing the informal through part of the costs that have been evaded).

Taxes and the informal sector represent another interesting area. One of the reasons for businesses to stay in the “grey” sector is a high social and tax burden. For some time, the “primary instinct” of the governments in the region was to raise taxes to meet the increased social spending needs – thus contributing to the incentives for businesses to stay informal (as possible benefits from tax evasion were higher than the associated risks and penalties). The same applies to registration and barriers to entry. Montenegro is still in the phase when more relaxed regulations could decrease informality at a negligible cost in lost revenues.

Another important link between informal and formal economies (apart from the “unfair competition” aspect) is “free riding” of informal sector members. The informal sector benefits from public consumption without contributing to it. Indirectly, this comes at the expense of the formal sector. The major impact, however, is the creation of distorted economic incentives and proportions. Certain goods and services (if produced in the informal sector) may “seem” inadequately cheap stimulating excessive consumption at the expense of the society.

The Labour Market

The Montenegrin labour market falls into the category of highly regulated labour markets (which probably contributes to the high level of the informal economy mentioned above). The transition process influenced the labour market through a reduced level of employment in the formal economy and

⁶The scope of hidden employment is best illustrated by the fact that in the period from April 2003 – December 2004, after the adoption of the Ordinance on Tax Relief for New Employees, around 42,000 new jobs were legalized. Source: Economic Reform Agenda for Montenegro, 2002-07 – report and recommendations, March 2005

increased unemployment. In recent times, high taxes and contributions resulted in a considerable level of hidden employment⁶ and payment of minimal wages, while the remaining money was distributed among the employees “under the table”. Those employed in the “grey economy” are deprived of the basic protection they are entitled to in their job. In this way, uncertain employment and lower wages additionally weakened those already underprivileged. Poorly educated or unqualified jobseekers found themselves in a particularly difficult situation. Due to the collapse of public enterprises accompanied by dissatisfaction with current wages, an increasing number of people sought extra jobs irrespective of the complexity of tasks to be performed or their personal qualifications. This helped further intensify competition, with long-term unemployment becoming more and more certain. In gender terms, long-term unemployment is less common among the male population (in 2003 around 25% of unemployed men had been jobless for over a year, while the same was the case with around 40% of unemployed women). Given the increasing needs of the growing private sector, the increased share of men and women who have been jobless for more than one year indicates that the longer people have been unemployed, the less their chances are of getting a job.

Refugees and internally displaced persons (IDPs) who came to Montenegro at the beginning were granted equal rights as residents of the country. The majority of those who had good qualifications, skills and experience managed to find jobs rather easily. This particularly applied to professions in short supply (doctors and teachers, for example). With a view to combating the “grey economy” and high unemployment – in certain periods, the official unemployment rate exceeded 40% – the government adopted regulations giving priority to the employment of the country’s residents, thus imposing an additional burden on employers who, apart from the available resident employees, also employed non-resident labour. Though unintentionally, this particularly affected refugees and internally displaced persons.

The Montenegrin Labour Law guarantees labour rights to employees, irrespective of their nationality, race, sex, language, religion, political or other beliefs, education, social background, property or any other personal trait. The employer is obliged to respect the employee’s rights and equality in the protection of his/her rights, as well as his/her

privacy and dignity ⁷. It may be noticed that certain jobs are dominantly occupied by women (such as that of a shop assistant), or that some occupations appear to be devoid of certain ethnic groups. Still, there is no conclusive evidence of the presence of any form of discrimination in the Montenegrin labour market, whether it be sexual, national or ethnic; therefore, future activities should be aimed at encouraging certain groups to educate themselves and apply for certain jobs. Research results indicate that 25-30% of refugees and IDPs identify the presence of some degree of discrimination on the labour market, while the majority of them (over two thirds of the respondents) claim to face the same employment-related problems as the resident population ⁸.

The initiative for the legalization of jobs and the self-employment programmes have failed to solve the problem of unemployment. The official unemployment rate stands at the level of 34%, while the rate revealed by a survey ⁹ is lower by approximately 7 percent (26.9% in 2003). The long-term nature of unemployment in Montenegro adds a particularly adverse dimension to this problem.

Unemployment benefits provided by the Government make a mere 0.9% of GDP. Another form of aid designed to help unemployed persons in Montenegro are specially designed loans for this target group amounting to €3,000. Tax relief for new employees applied during the first year of their employment also represents an important form of help.

Education

According to Article 43 of the Charter on Human and Minority Rights and Civil Liberties of Serbia and Montenegro, "Everyone shall have the right to education. Primary education shall be compulsory. The member states are obliged to ensure free primary education. The founding of schools and universities shall be regulated by the laws of the member states." It is noteworthy that today Montenegrins, Serbs, Croats, Muslims and Bosniaks, who make up 85.5% of the Montenegrin population, use the same language and have been educated using the same curricula in the official

Serbian language (or Serbo-Croatian) of former Yugoslavia. Albanians make up 6.5% of the population and most of their students (constituting 3% of the total student population) are educated in the Albanian language.

Education-related legislation is passed by the Montenegrin Parliament, with the Ministry of Education and Science being responsible for all major issues of pre-school, primary, secondary and tertiary education. Teaching staff are obliged to have an adequate university degree and to have passed the state professional exam. Schooling for pupils is free, apart from textbooks and school-kits, the costs of which are borne by parents. Primary and secondary schools in Montenegro apply unified curricula adopted by the Ministry of Education and Science. Education reform is currently underway.

An issue of particular concern is access to education for members of the Roma population, refugees and IDPs. There is no detailed data on the educational standards of Roma and other minorities, except information on the children of refugees and internally displaced persons. But from the day of their arrival in Montenegro, the educational system has been open to refugees and IDPs. In 2003, 2,879 children, mainly Roma coming from Kosovo, were registered in Montenegro as primary school age IDPs (from 7 to 14 years) as well as 738 children of refugees from Croatia and Bosnia. Having no language barrier, these pupils were enrolled in Montenegrin schools. The Roma population, as part of the internally displaced population, faces considerable difficulties. According to estimates, the Roma population makes up the main part of the total of 1,200 primary school age children who do not go to school. Data about Roma enrolment in secondary schools and universities is not available.

Demographic Trends and the Health of the Population

According to the last census, Montenegro is populated by 620,145 inhabitants ¹⁰. Compared to the 1991 census, the number of population increased by 4.5% or, in absolute terms, by 26,471 people ¹¹.

⁷ Labour Law, Official Gazette of the Republic of Montenegro, no. 43/03.

⁸ Source: Survey on the attitudes of refugees and internally displaced persons, American Refugee Committee and ISSP, September 2004

⁹ Labour Force Survey, The Federal Statistical Office.

¹⁰ The source of data is Monstat, official information on the 2003 Census.

¹¹ The estimate number of the population in the years between the censuses was calculated on the basis of the average population growth rate between two successive censuses, the assessed level of which in the period in question was 0.37%.

The demographic shifts were contributed to by both natural and mechanical changes, largely due to the unstable economic and political situation reflecting on the demographic picture of Montenegro.

Long-term demographic data on Montenegro (compared to 1950) indicates the increased life expectancy of its population. Such improvement is a positive indicator of the quality of human development in Montenegro as it points to the enhanced quality of healthcare and health services. The positive trend was disrupted by wars in the immediate environment, economic sanctions and the bombing action in the country. Montenegro's average life expectancy at birth ¹² has risen by 10 years ¹³ since 1950, being at the level of 73.1 years today (men – 70.1; women – 76.1) ¹⁴. The fall of the birth rate ¹⁵ and fertility have largely been helped by the fall of living standards in the last decade of the twentieth century. The impaired quality of human development contributed to the country's increased mortality rate, which had decreased by the nineties. From 1991, the mortality rate ¹⁶ increased from 6.7 to 9.2 people per thousand in 2003.

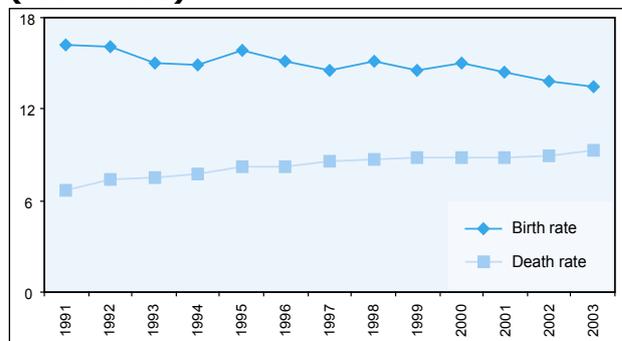
The declining trend of birth-rate from the twentieth century has continued in the twenty-first century too, reaching the level of 13.5 per thousand. Even though the period in question is rather short in demographic terms, the birth-rate fell from 16.3 in 1991 to 13.5 in 2002 for every thousand inhabitants.

As a result of the natural changes in the population, Montenegro's population growth rate ¹⁷ in 2003 was 4.2 per thousand, which represents a significant fall compared to the rate of 22 in 1950¹⁸. High positive rates of population growth were mainly registered in the municipalities in the north of the country mostly populated by Muslims and Bosniaks as well as in the municipalities characterized by more rapid economic growth. Lower positive rates of population growth were mostly registered in the coastal municipalities. The decrease in the overall number of population caused by natural demographic shifts is present in the least developed municipalities abandoned by the young for the sake of education first, and

later on because of the lack of jobs and low living standards.

In the period between two censuses, the share of urban population increased from 59% (1991) to 62% in 2003.

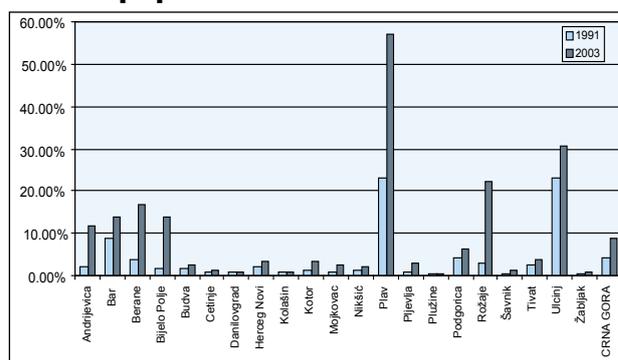
Graph 3. Natural Changes in the Population (1991-2003)



Source: Monstat, Statistical Yearbook (p. 64) and Monthly Statistical Report, No. 5

Demographic shifts do not follow the same pattern in different areas of the country and are closely linked to ethnic distribution. Positive population growth rates are mostly registered in the municipalities from the north of the country with a large percentage of Muslims and Bosniaks, as well as in the municipalities with more rapid economic growth. Lower positive population growth rates are mostly registered in coastal municipalities. The decrease in the level of the population due to natural demographic shifts occurs in nearly all undeveloped municipalities with low living standards, which young people have abandoned.

Graph 4. People living abroad as part of the overall population



¹⁵ The birth rate represents the number of newborns per thousand in the year observed.

¹⁶ The mortality rate represents the number of people per thousand who die in the year observed.

¹⁷ Population growth rate represents the difference between the birth rate and the mortality rate.

¹⁸ All vital statistics data used in the text were taken from the Statistical Yearbook, Monstat.

Apart from natural changes, the demographic profile of Montenegro has also recorded emigration. According to the census from 2003, 54,816 Montenegrins (8.8% of the overall population) have lived or worked abroad. This is a 130% increase compared to the percentage recorded in 1991 (when 4% lived abroad).

The majority of the Montenegrin population living abroad originally comes from the municipalities in the north of the country characterized by a high percentage of Muslims and Bosniaks and lower economic levels. Still, other municipalities too have registered emigration to other countries. Apart from Montenegrins who continue to live in former Yugoslav republics, these figures indicate adverse conditions for individual growth in the past 13 years in persons who attempted to find a chance for a better life outside Montenegro.

The impact of migrations caused by the wars in the region and an influx of refugees reflected in the increased number of population in the coastal region (Serb refugees from Hercegovina, and Albanians/Serbs from Kosovo - Ulcinj) and in the municipalities in the central part of the country. Podgorica, as an administrative and business centre, experienced a sharp rise in the number of population.

The level of the population dropped in the northern and undeveloped municipalities of Montenegro.

We have seen that the HDI value in the past period has been mainly affected by the reduced average life expectancy. In addition to the income generated, human development is also influenced by the quality of lives individuals lead, the environment they live in, level of stress they face on a daily basis, sensitivity to illnesses, as well as possibilities of achieving long and healthy lives with the help of the overall health system.

If we focus on the past few years, we may conclude that, generally speaking, indicators of the overall health of Montenegrin population are not exactly favourable. The mortality rate grew from 8.1‰¹⁹ in 1998 to 8.3‰ in 2002. The most common causes of death are not much different from those present in other countries in the region; lung-induced heart diseases, brain blood-vessels diseases and chronic respiratory diseases are the most frequent causes of death. The mortality rate of the newborn in 2002 was 10.8‰. This is still deemed high, given that the average mortality rate of the newborn in developed countries is 5 per thousand.

In the last half of the century there occurred a decrease in the number of children per mother from 3.6 to 1.8 (total fertility rate), which reduces the possibility of rejuvenating the nation. The new lifestyles and increasing economic involvement of women contributed to the fall of the birth rate from 14.1‰ in 1998 to 12.8‰ in 2002. This fall, coupled with the rise in the mortality rate, resulted in the decrease in population growth from 5.9‰ in 1998 to 4.2‰ in 2003. The fall of the birth rate is not equally present in different groups. Thus, Roma families in Montenegro are still the most numerous (5.8²⁰ compared to 3.25 household members, which is the country's average). Similarly, families in the urban parts have fewer children than those in the rural parts of the country, and better-off families are smaller than the poorer ones. Just like developed countries, Montenegro is facing the problem of an ageing population, i.e. a larger share of people above the age of 65 in the total number of population (12.4% in 2003).²¹

Despite the negative trends of the indicators reflecting the overall health of the population in Montenegro, the healthcare system that has been in place so far has made it possible for people to preserve their health in spite of the poor financial situation. This is particularly so in the light of the average life expectancy by municipalities and the level of living standard. Namely, the average life expectancy in 7 out of 11 municipalities from the north of the country exceeds that of the country in general. At the same time, the poverty rate in this part of the country is two times as high as the national level. This shows that great accessibility of healthcare services, regardless of their efficiency, has helped preserve human development in Montenegro, especially in the north.

Transition and general weakening of the public sector in all areas, including healthcare, contributed to the development of private healthcare sector. Around Montenegro there is a growing number of various medical offices, sometimes even clinics, offering medical services at relatively high costs. Research²² shows that better-off households

¹⁹ The number of people who died per thousand.

²⁰ Research on RAE, refugees and internally displaced persons, ISSP & UNDP, October 2003

²¹ The age structure from the Pension System Model for Montenegro (Working Group for Pension Reform in Montenegro) and the 2003 Census data (Monstat)

²² The Healthcare System in Montenegro: current condition and prospect reforms, ISSP – working material.

spend more money on healthcare, and that there is a positive correlation between health-related expenses and the personal assessment of one's health: those who spend more money on their health regard themselves as healthier. This indicates that more affluent households invest in prevention. On the other hand, those who cannot afford prevention are compelled to queue in public healthcare institutions, frequently seeking medical advice only in advanced phases of their disease.

Healthcare system reforms that are currently underway are aimed at improving the efficiency and quality of services offered by public healthcare institutions. The upgraded system of primary healthcare should reduce the burden on the secondary and tertiary levels, helping to increase the efficiency of the system. Special attention is paid to the healthcare of vulnerable groups (Roma population, refugees and IDPs). With the support of programmes of international development organizations (such as UNICEF) and NGO activities, education and concrete projects for child vaccination against infectious disease projects are being carried out.

Box 1: UNICEF Goals in Montenegro Related to Young People's Health in the Period 2002- 2004

- * Early Childhood Development Programme;
- * Helping develop an environment in which public services, the community and family will enable mothers, babies and children to be healthy, emotionally stable and capable of learning;
- * Promoting health and personal growth of young people;
- * Helping young people become active and responsible citizens through equipping them with skills necessary for facing adulthood and leading healthy lives;
- * Youth Parliament/Guidance Centres;
- * Promoting healthy lifestyles (HIV/AIDS prevention);
- * Services tailored to suit the needs of youth (Family planning and birth control guidance centres);
- * Supporting the development of reformed youth-related legislation.

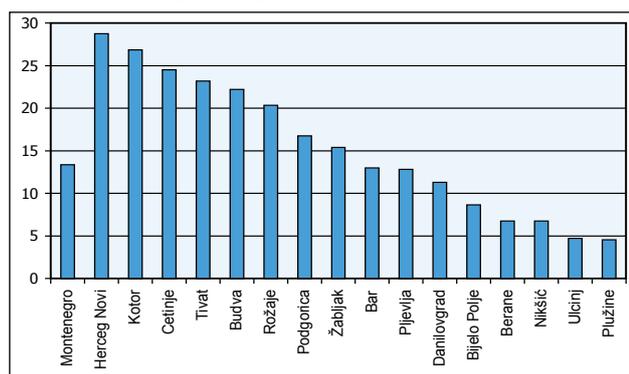
Increased Levels of Stress in Society

One of the consequences of traumatic events associated with the dissolution of the former Yugoslavia and the transition burdens is the increased level of stress. There are many factors which determine the level of stress in a country and while the issue has not been well researched, it is recognized as a very real concern and can affect the basic demographic dynamics, productivity, innovativeness and general "wellbeing" of a country. It can be reflected in not only the incidence of psycho-social diseases and disorders but in the level of migration, the divorce rate and even abuse and violence within the family. Stress can arise from a host of causes – both within the family and wider community and also outside, due to economic decline, unemployment, external and internal "shocks" and so on.

The last decade of the twentieth century was characterized by a lowering of living standards in Montenegro, the unavailability of basic goods and services, political crises followed by deteriorating quality of public services (courts and judiciary, public policy, inadequate health institutions), war in the surrounding countries, official corruption, increase in drug addiction, etc. Such an environment brought about a general decline in the quality (and indicators) of human development through personal distress. All of this occurred when medicines were hard to find, when criminal activity increased and homicides became a part of everyday life. Such a stressful human environment, full of danger and insecurity, with a changed system of social values and deep economic crisis has led to a pronounced rise in psycho-social and traumatic disorders and some revealing associated social indicators. For example, there were only 5 deaths in 2002 caused by natural disasters, 120 suicides, while 56 people were killed in road accidents.

Accidental causes of death have doubled since 1990 and, while there have been improvements which have lowered the accidental mortality rate, the increase in suicide cases (12.8 per 100,000 people in 1991 and 23.1 in 2001) has been worrying, especially considering that it has doubled in the last few years. Such indicators suggest the personal dissatisfaction of individuals with life, deteriorating physical health, followed by psychological illnesses²³.

Graph 5. Divorces per 100 marriages by municipalities (2003)



One of the other consequences of social stress could be the rise in the divorce rate and jeopardized family stability. Over the last 30 years the divorce rate has doubled²⁴ and since 1991 it has increased from 10 to 13 divorces per 100 marriages in 2002²⁵. However, it must be recognized that the rise in the divorce rate is a long-term trend observed in almost all societies and has been strongly associated with changing societal moral values and the decreasing economic dependence of women on their spouse. Still, the dramatic rise in Montenegro (as elsewhere in the region) is probably a reflection of the turmoil and generally stressful conditions that prevailed in that period. A combination of these factors resulted in the regional variations in the divorce rate.

Comparing divorce data by municipalities in 2002, we come to the clear conclusion that the divorce rate is higher in the south and developed municipalities. In the more traditional and conservative north and poorer societies the divorce rate in some places is 4 times lower than in the coastal municipalities. Women in the north of Montenegro is very often locked into the role of mother and housewife. Divorce is also very rare in Islamic families. It is clear that the status of women in Montenegrin society is changing rapidly as she becomes a more active member of society, as she is educated and employed in jobs with high responsibility. This indicates a significant step forward in the human development of Montenegro. The result of these trends is a reduction in the number of children per 100 women below 20 years from 1.5 to 0.95²⁶. As already indicated, the increase in the number of divorces in central and southern regions of Montenegro accompanies the improvement of women's status in society and their economic autonomy.

²⁴ Source: Statistical Yearbook 1992 (p. 79) and Statistical Yearbook 2003 (p. 60)

²⁵ Source: Federal Statistical Yearbook, p. 20

²⁶ Source: Statistical Yearbook 1992 (p. 64) and Source: Statistical Yearbook 2003 (p. 45), Calculation: ISSP

Environment

The environment adds a special dimension to human development in Montenegro. Unfortunately, the constitutional declaration of the "ecological" state of Montenegro appears to have become just empty words. In general, the monitoring systems in place are weak, and the civil sector harbours considerable doubt as to the reliability of published data. As a result, important gaps in information on the environment exist with potentially serious environmental hazards for the population.

Box 2: Declaration on the Ecological State of Montenegro

We, the deputies of the Parliament of Montenegro, are conscious that, due to the threats to the environment, the protection of the identity of the region where we live and work has become our imperative and foremost task.

Aware of our obligation to nature, as the source of our health and the inspiration of our freedom and culture, we commit ourselves to its protection in the name of our own survival and the future of our progeny.

We accept that there is no difference between us when our environment is threatened. Regardless of our national, religious, political and other convictions or feelings, we know and accept that the dignity and sanctity of the human being are inextricably tied to the sanctity and purity of nature.

Humans and the nature within and around them are one in their depth, their meaning and duty.

Hence, the misuse of the human being has always been accompanied by the misuse of nature. Therefore, committing ourselves to the fight for the dignity of men, we are invited to fight for the dignity of nature.

Adopting this Declaration, Montenegro establishes a state relation towards nature, calling upon all people to be wise and help avert the ecological disaster threatening our society.

*Žabljak, 20 September 1991
Parliament of Montenegro*

²⁶ Source: Statistical Yearbook 2003 (p. 46), The First Results of Census 2003 and age gender structure from Pension system Model for Montenegro (Working Group for Pension Reform in Montenegro)

Quality of the air in Montenegro is a potential area of concern. CO₂ emission and its share in global emissions, as well as CO₂ quantity per capita, are not monitored in the Republic of Montenegro. There is no data on the quantity and types of pollutant materials caused directly by the energy used in Montenegro. Control of the air quality in Montenegro is undertaken by measuring air contamination by basic and specific contaminating substances from stationary sources (such as factories) and from the traffic. The Republic Hydrological and Meteorological Agency is monitoring air quality in 12 cities, and in selected locations with the highest potential levels of industrial pollution such as the larger industrial plants, including the aluminium mill and the thermal electrical plant in Pljevlja.

The basic equipment necessary for measuring urban air quality and a coefficient of contamination does not exist despite steps taken in 1985 in the municipality of Podgorica. Reform of the Republic Statistical Office does not ensure the detailed collection and processing of data related to the environment. At the moment, the Statistical Office of Montenegro processes only certain types of data. The Ministry of Environmental Protection (in Montenegro) guarantees to establish an Agency for the Environment; also, in compliance with the Convention on Climate Change, the Ministry plans to develop an inventory on sources of greenhouse gases and to begin the process of measuring greenhouse gas emissions on the Montenegrin territory.

Water resources (and particularly water resources management) is another potential area of concern. The Estimation of the Water Base in Montenegro, a study on Montenegrin water resources carried out in 1996 is the only source of information on water supply and demand in Montenegro. There is no estimation of the current water resources or data on water consumption on an annual level in m³ per capita. The Montenegrin urban water supply suffers from substantial losses in the distribution network, and thereby loses considerable potential supply to consumers. The water tariff system is undeveloped and no information is available on water resources protection. In addition, the current problem is the usage of water as a hydropower energy source. The energy intensive nature of some segments of Montenegro's industry (such as the aluminium mill) has led to a deficit in electric power production causing intensified demands for further extensive use of hydroelectric potential including the Tara River that is a UNESCO listed natural heritage site.

Wood resources are potentially jeopardized as a consequence of rising poverty in the process of transition. In the last decade, the rise in poverty and demand for wood fuel significantly influenced the exploitation of wood resources. This including the expansion of the wood processing industry for export of timber products has led to a vast increase in illegal timber clear felling, and inadequate reforestation (in 2001 a mere 260 ha. were forested and 73 ha. were filled with woods). This is compounded by the undefined ownership structure of wood resources (31.5% of wood resources are owned by private owners, while 68.5% are state-owned), and frequent forest fires (in 2002, 476 ha. forest areas were destroyed by fires, which contains 14,068 m³ of wood resources). In the last ten years 10,000 larger forest fires were registered. Unfortunately, the Ministry in Montenegro responsible for forestry does not have data on the annual deforestation or cutting rate of forests.

Communal solid waste could potentially create serious ecological problems. Montenegro annually produces 250,000 tonnes of communal waste, or 1 kg daily per capita. Most of this waste is simply being disposed of on waste disposal sites, which are not in accordance with national and international standards. Currently in Montenegro there is only one waste disposal plant which is in accordance with European standards, and there is no operating system for the waste treatment. The situation is unsustainable. The current situation in Montenegro is similar to that in OECD countries some twenty years ago. A further problem is a lack of waste categorization and basic data on the quantity of the produced waste.

An issue directly related to communal waste is waste recycling. There is no data on used paper

Box 3: Waste Disposal Practice in Montenegro

The waste disposal practice in Montenegro is very haphazard and uncontrolled. Various types of waste are disposed in riverbeds; along highways; in the sea and on the seashores; on various kinds of green areas. On the other hand, 50% of the waste generated does not pass through the public collection and waste disposal services. There is no information as to whether this 50% of waste is burned, reused or disposed on the numerous illegal disposal sites spread all over Montenegro. Similarly, there is no data on rural households' production and disposal of waste.

and cardboard consumption and disposal. Current activities related to the waste recycling are still at a very low level. In Podgorica there are 5 collecting centres for recycling. According to recent research on the situation in the central region of Montenegro, 40% of the waste consists of material that could be recycled.

Finally, hazardous and toxic waste disposal: in Montenegro there is no official waste yard for hazardous waste disposal consistent with Montenegrin legislation or EU criteria. Dangerous waste is located mainly on the private property of companies or on the municipal waste dumps. The main producers of hazardous industrial waste are small and medium enterprises, the metal industry, ports and shipyards, the wood industry, industry of paper processing and food industry. Hazardous waste has been identified both in industrial and physical entities.

The NGO sector in Montenegro – The NGO sector helps improve the situation in Montenegro through its activities aimed at raising the awareness of the need for environmental protection, biodiversity potentials, the necessity of organized and adequate communal waste disposal and education of school children about recycling processes.

Raising the awareness of the significance of environmental protection appears to be equally important for all citizens of Montenegro, regardless of their sex, language, religion, culture or ethnicity. This is confirmed by the support some NGOs receive for their environmental campaigns in Montenegro.

Box 4: Civil Sector Consensus on the Tara River

That it is possible to reach an agreement on an issue of common interest irrespective of sex, age, education, ethnicity, nationality, party and the like is shown by the consensus on the protection of the Tara Canyon from flooding. Last September, NGOs initiated a public campaign with the slogan “I don’t want a pond, I want the Tara”, supported by tens of thousands of citizens from all parts of Montenegro, bringing the issue to the Parliament itself. As a result, in mid-December the Parliament of Montenegro adopted the Declaration on the Tara River protection, placing a ban on the construction of the hydroelectric power plant Buk Bijela and other similar projects in the canyon.

Multiculturalism and Human Development

Multiculturalism is a very complex concept. This is due to the large number of differences society is replete with. There are vertical differences: for example, the working-class culture and that of the affluent part of the population can hardly be claimed to have a common denominator. There are also horizontal differences, such as ethnic and national differences, differences between the heterosexual and homosexual population, urban and other cultures, and so on. All these differences to a large degree constitute divergent cultural patterns and ways of life. The complex nature of multiculturalism, as indicated above, is one of the main traits of this phenomenon that must be understood accordingly. Regardless of the fact that ethnic differences are more prominent in some societies than in others, the notion of multiculturalism must not be reduced to just one or to just a few aspects.

In the description and application of the human development principle, multiculturalism represents a significant dimension:

1. Cultural freedom is an important aspect of individual freedom; the key question relates to how individuals choose their own lifestyles and enjoy the freedom of choice. Cultural freedom goes beyond the economic, social and political freedoms that the individual has. It is a right granted to all people.
2. In an analysis of human development, diverse constituent parts of culture mainly focus on the importance of freedom; only rarely do they involve detailed comparisons of different cultures and traditions.
3. Cultural freedom has a substantial impact on general performance in the social, economic and political spheres of life.

Human development, seen as a process of extending the range of possibilities for individuals, is based upon the notion that individuals have the right to choose their own life paths (what they want to be and what they want to do). Cultural freedom gives individuals the right to choose their identity and the system of values they want to live by.

There are two ways (patterns identified) of disrespecting cultural freedom:

- Impossibility of choosing one’s own lifestyle, or even being forced to live by universal standards

Box 5: Cultural Dimensions of Human Development

Human development is more than health, education, decent living standard and political freedom. **Individual cultural identities** must be recognised and accepted by the state, and individuals must have the freedom to express their individuality and identity without the threat of being stigmatised or shunned by society. In brief, **cultural freedom is a human right and an important aspect of human development**, deserving therefore the attention of developmental policymakers at the national and local levels alike.

and values created and imposed by one single social group.

- Exclusion from social life, as a consequence of living one's own, individually chosen life, to some extent divergent from that of the dominant social group.

Both patterns of restricting cultural freedom are widespread, not escaping any continent irrespective of the level of development. Still, the extent to which cultural freedoms are contained varies. There are some countries where cultural freedom is totally denied, reaching the point of so-called ethnic cleansing. These are, however, only rare cases. Much more common are milder forms of cultural freedom restriction, reflected in a more or less inferior position of the members of different cultures, especially in areas such as political participation, possibility of advancing economic life, employment opportunities, education, etc.

Box 6: Five Myths about Diversity, Multiculturalism and Development Opportunities

MYTH 1: Distinct ethnic identities of individuals are incompatible with their loyalty to the country of residence; hence the trade-off between the recognition of diversity and national unity.

Individuals can and do have multiple but complementary identities, such as ethnicity, language, religion, race or citizenship. There is absolutely no need to make a choice between national unity and recognition of cultural differences.

Individuals' identities are based on citizenship, sex, social group, race, language, political beliefs, and religion. There is an element of choice in this: individuals choose by themselves which identities to give priority to.

National unity and cultural diversity. Research shows that these two goals frequently coexist. There are many examples in the world to illustrate harmonious coexistence of the two goals; all of them are the product of an effort to ensure respect and recognition of different cultural groups and trust in state institutions. Finally, thanks to the policies of multiculturalism, there is no trade-off between national unity and cultural diversity.

MYTH 2: Different ethnic groups are prone to conflicts between one another, so there is a trade-off between the respect of the "other" and maintaining peace.

There is no empirical evidence that cultural or ethnic differences themselves cause conflicts! Admittedly, many conflicts have occurred between different ethnic groups, particularly towards the end of the twentieth century; however, there is no evidence to prove that they were due to cultural differences. On the contrary, cultural differences mostly served to cloak the root causes of conflict.

MYTH 3: Cultural freedom requires the protection of tradition and customs, so there is a trade-off between the recognition of cultural diversity and progress in human development, particularly when increased levels of democracy and human rights are in question.

Cultural freedom signifies extending the range of possibilities for individuals, not the protection of values and practise relying upon tradition. Culture is not a frozen set of values and customs. Culture is in the process of continual change.

Culture, tradition and authenticity are not identities of cultural freedom. Values change in time, and so does society.

MYTH 4: Ethnically diverse societies have reduced chances of development, so there is a trade-off between the acceptance of cultural diversity and the promotion of development.

There is no evidence to support the view of cultural diversity as a cause of low levels of development. Other factors are much more important.

MYTH 5: Some cultural groups have a predisposition to development, whereas some are a hindrance to economic growth, so there is a trade-off between growth and the acceptance of cultural diversity.

There is no statistical evidence of the negative link between cultural traits and growth. There are some findings indicating compatibility between cultural traits and the components of the social system, but they are intuitive rather than based upon empirically quantifiable evidence.

Source: Global Human Development Report, UNDP

Chapter 2: Diversity and impact on transition

Main ideas:

- Transition has an unequal impact on diversity
- Different groups have had different opportunities (winners and losers)
- Social cohesion requires versatile “diversity management” and this management should be “multiculturally sensitive”

Cultural diversity

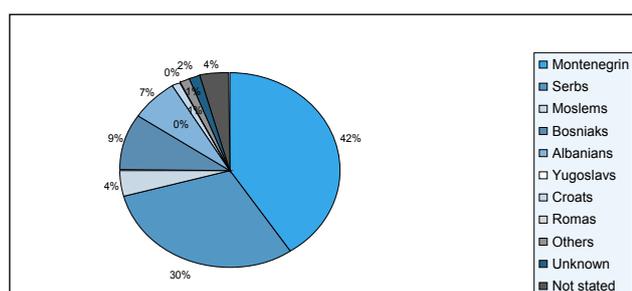
Demographic determinants of multicultural policies

By its culture, Montenegro is a multi-ethnic, multi-cultural and multi-confessional community. According to the 2003 Census, the national structure is as follows: Montenegrin 43.16%, Serbs 31.99%, Bosniaks 7.77%, Albanians 5.03%, Moslems 3.97%, Croats 1.1%, Romas 0.42%, others 1.23%.

For centuries, various ethnic communities in Montenegro lived, traded and interacted peacefully. From the period of the original territory of Montenegrins (Doclea) to the modern Republic of Montenegro, the communities have built up the tradition of self-dependency. This indicates, in fact, that multiculturalism in Montenegro started developing back in the old days.

The modern Montenegrin Republic should be observed from the angle of joint-living within the framework of Montenegrin culture. Present-day identity is the reflection of that continuity within which unavoidable elements from various communities have co-existed with many forms of economic integration, political relations and institutional linkages. This is also related to the legal and institutional framework – in cultural matters, language, religion, art, many other ethnic and confessional components.

Graph 6. National structure – 2003 census

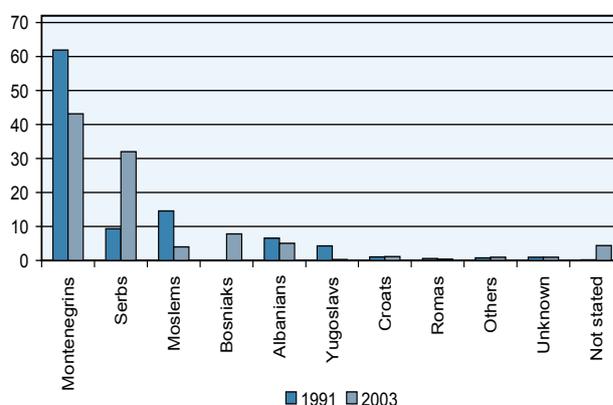


Ethnic structure

The Republic of Montenegro is an ethnically heterogeneous community. The biggest ethnic group are Montenegrins (43.16%), whilst 14 different ethnic groups make 56.84% of the total population²⁷. Among the most numerous are: Serbs (31.99%), Bosniaks (7.77%), Albanians (5.03%) and Moslems (3.97%).

The national structure of the Montenegrin population has considerably changed since the 1991 census, which is the consequence of demographic trends and the increase of the number of refugees who settled in Montenegro. The most significant changes have been registered in the share of the Montenegrin population which has been reduced from 62% to 43%, in the increase of Serbs from 9% to 32%, in the appearance of Bosniaks and in the almost complete loss of Yugoslavs, as well as in the growth of the number of those who have chosen not to disclose their national identity from 0.3% to 4.3%.

Graph 7: National structure of the Montenegrin population (1991 and 2003 census)



There has been no dramatic move of the population of Serbs in relation to Montenegro, but that change can only be explained by the loss of the “Yugoslav” option or by the increase of those not willing to disclose their national identity (from 0.3% to 4.3%). It seems that most of the changes are due to the fact that a number of people who used to be identified as Montenegrins, now prefer being identified as Serbs in 2003. It is hard to say whether in 1991 some factors made Montenegrin identity more attractive than the Serbian one, or whether in 2003 some Montenegrins prefer a Serbian identity. This is of secondary importance;

²⁷ Source: MONSTAT, census data.

what is important is that even ethnical identity fluctuates and other diversified criteria are no less important in building multicultural societies.

The influence of minority, ethnic and cultural groups on the dominant culture in Montenegro is at a relatively dissatisfactory level. Although there are TV shows in Albanian, although minorities are represented in the Parliament and local parliaments, it is still necessary to improve their influence on the dominant Montenegrin-Serbian culture. The problem lies in the fact that these institutional measures do not reflect the real state of affairs, nor the attitudes of the majority population that has little interest in minority cultures, or their demands and needs. It is important for minorities to be institutionally protected and to have equal access to media (for example), but it is still more important for the majority population to accept them as such and to undertake concrete steps for the demands and needs of the minorities to be satisfied in such a way that the members of minorities take an active part in social and cultural life.

Value orientations and ethnic distance²⁸

Recent research on various orientations in Montenegrin society (CEDEM, May 2004) show that almost 40% of interviewees, who have a high score on the scale for traditionalism-modernism, also have a high score on the scale for democratic values.

This finding shows that in post-socialist Montenegro, the natural process of merging traditional Montenegrin values with those of contemporary civil society is underway. Montenegrin tradition HAS NOT remained in the tight robes of old notions and understandings, ideological and moral stereotypes, myths and symbols, which have already become historical contours. This means that the transfer of values and tradition from generation to generation has been carried out and crossed with other cultures, which represents the source of progress for the individual and for society. This knowledge is very important for a correct and full understanding and interpretation of ethnic distance in Montenegrin society.

CEDEM carried out the research on ethnic distance in Montenegrin society, based upon the revised Bogard scale, which measures ethnic distance on

the basis of the scale with nine modalities²⁹ which maintain the "distance" according to certain number of attributes of a social group.

The research shows that "total ethnic distance³⁰" is lowest towards Montenegrins and Serbs, while the highest distance is towards Romas and Albanians.

The research included 1,005 interviewees, chosen according to a standard two-stage stratified sample which comprised nine Montenegrin municipalities (Bijelo Polje, Pljevlja, Berane, Podgorica, Nikšić, Cetinje, Bar, Ulcinj and Herceg Novi). The sample is representative of the whole of Montenegro. Ethnic distance measure is based upon the use of the revised Bogard scale for examining social distance.

In case instead of total distance, we analyze inter-ethnic distances, we can see the following:

Table 2. Nationality of the interviewees

	Montenegrins	Serbs	Bosniaks	Albanians	Moslems	Croats
Montenegrins	0.17	0.62	1.11	1.45	1.13	0.09
Serbs	0.97	0.16	1.60	2.76	1.43	1.64
Bosnians/Moslems	3.31	4.20	0.04	2.31	0.09	1.73
Albanians	4.42	5.87	2.11	0.35	3.87	1.82
Croats	3.29	5.06	2.09	2.08	2.73	0.18
Roma	4.67	5.06	2.85	4.55	4.10	3.09

The table shows that all nationalities expressed greatest distance towards the Roma and Albanians, among which the Croats show the least distance towards these groups.

Language and religion

One of key determinants of cultural identity of an individual and of a group is certainly language. According to the census, 11 languages are used in

²⁹ According to this method, an interviewee replies to each of the following variables with "yes" or "no" – would he like to enter the stated relation with the members of various nationalities. **Nine modalities:** 1. to live permanently in my country, 2. to reside in my neighbourhood (in the same building or street), 3. to be my associate at work, 4. to be my superior at work, 5. to be my children's teacher, 6. to be a friend with him and to pay regular visit to him, 7. to have a managerial position in my country, 8. to be related through marriage with relatives, 9. to be next of kin through his own marriage or through his children's marriage.

³⁰ Calculation of total distance through nine modalities gives coefficients of total distance for each group, where coefficients express total distance towards a certain ethnic group.

²⁸ Center for Democracy and Human Rights in Montenegro.

Montenegro, with Serbian as the official language of "ijekavian" dialect. Although not officially recognized, a considerable number of citizens (21.96%) state to be speaking the Montenegrin language. In any case, it is an issue of languages which belong to the group of Slavic languages, and the representatives of various ethnic groups (Montenegrins, Serbs, Croats, Bosniaks) understand each other and are able to follow the same media contents without any problem. We conclude that these ethnic groups share the same linguistic culture.

The Cyrillic and Latin scripts are equally used. According to the Constitution of Montenegro, in municipalities with the majority or a considerable level of the population belonging to national and ethnic groups, their respective languages and writings are in official use. This is particularly important for the realization of cultural identity in the municipality of Ulcinj, where the Albanian minority makes up the majority of the population (74.34%).

When talking about the national structure of the population and education, it is important to emphasize that Montenegrins, Serbs and Muslims, who altogether make up 85.5% of the population and share a mutual language, study according to the general plan and programme in the official Serbian (or Serbo-Croat) language, which existed in the former Yugoslavia. The Albanian minority makes up 6.5% of the population and the majority of the 3,918 Albanian pupils (or 3% of the total number of pupils in the Republic) are educated in the Albanian language. Some students of Albanian nationality, according to their own choice, are educated in Serbian language.

The instruction in elementary and secondary school is carried out in the official language in Montenegro or in the Albanian language in certain parts (Ulcinj, Tuzi, Plav). In six schools the instruction programme is in Serbian and Albanian language, whilst in six additional schools the instruction plan and programme is in the Albanian language, alongside 469 elementary schools. Starting from the year 1998, the Ministry of Education and Science started changes in the old instruction plan and programme and introduced new foreign language textbooks. The textbooks are printed in Serbian and Albanian.

Novelty in the field of education is a special study programme in Albanian language which will be organized directly by the University of Montenegro and which will not be organizationally linked with any single faculty. The establishment of this faculty confirms the dedication of Montenegro to

a multi-ethnic society and to respecting the right of minorities, which is an important contribution to the further positive development of multi-ethnic cohabitation in Montenegro. The decision to open the Teachers' faculty in Podgorica is a significant step also for Albanians in Montenegro and for the Montenegrin state, as a democratic, multi-ethnic environment, since this shows the intention of the Albanians to integrate themselves into Montenegrin society, Montenegrin institutions and state bodies, and at the same time to preserve and improve their own identity which is different and which, as such, enriches multi-ethnic life.

The Programme started in the school year 2004/2005 and included the training of teachers who will be teaching in Albanian. The teaching will be carried out by the professors of the University of Montenegro who are Albanians and 70-80% of the instruction will be in Albanian. One part of the teaching will be held by the professors from the University in Shkodër. Spatial, administrative and other conditions have not permitted the establishment of a Faculty of the Albanian language, but the establishment of an independent study programme is the beginning of the process to establish it.

Some ten different religions has been registered in Montenegro, with the Orthodox religion being the most widespread (74.24%), followed by Islam (17.74%) and Catholicism (3.54%).

Life style and generation gap

Within the last few decades there have been significant changes in Montenegro in the way people live, as well as the changes in the vocabulary people use – not only amongst the young. Under the influence of pop-culture, and due to the weakening of aspects of traditional Montenegrin culture, the understanding of family circumstances, lifestyle, career and so on, has been increasingly modified.

While older generations still try to live in a traditional way, the young are more and more limited to the way of life promoted by television and movies. The young more and more insist on the realization of individual interests and ambitions, and less and less on collective values and ideals. This rapid individualization turns the society more and more into what social theoreticians call "culture of narcissism". The expressions like vibe, mood, rave, feeling, party and so on, are becoming a part of the vocabulary of Montenegrin youth – which is

the case in almost all parts of the world – helping them feel that they are catching up with what is considered to be the world trend.

This trend started many years back, even in 1960, when youth in the former Yugoslavia strove for these linguistic and other goals, with the purpose of establishing links with the outer world. However, with these changes, there is a gradual extinction of Montenegrin tradition and language; some traditional expressions have nearly been pushed out of the everyday use, i.e. the vocabulary of the young. Looking at it from a positive angle, all of this gives the basis for the establishment of an already mentioned new individualistic system of values, development of new understandings and new sensibilities, which is certainly a positive and not necessarily negative characteristic which is very much present with the younger generation. This may be useful in overcoming old hatreds and fears which still prevail in traditional societies.

During the last two decades the “social gap” between the old and the young in Montenegro has become wider and open to new influences and norms of behaviour. These processes have been formed as well as influenced by structural changes in the society. For centuries, Montenegro has been a tribal society. During the communist era, some evolution and structural changes occurred which were influenced by economic developments (urbanization, globalization and so on) but still, it is only since the end of the 20th century that we can talk about Montenegro as a civil state.

We are witnesses of tectonic changes during the previous transition period in the perception of other social groups – the way of behaviour of the young and the role which would be awarded to them by the older. No longer is there the same level of understanding and tolerance of various generations and lifestyles. Older people still stick to the old system of moral norms and beliefs, whilst younger generations try to live a modern life, which is a lot faster and based upon a system of values which is radically different from the tribal one. Thus the differences between the young and the old are great and they can potentially be a destabilizing factor in the society.

Sociological research on the relations between traditional and modern in Montenegro should show whether the indicated elements are exposed in the **form of traditionalism** which conserves what has already been realized, and its measure is imposed to the new historical situation, or **tradition**

is accepted as a sign of sustained social and spiritual continuity, a historically living part of history, a dynamic place between the past and the future.

The conflict between traditional and modern, urban and rural, as well as differences in attitudes among various generations acquire an additional dimension in the global context. Urban culture, as well as the way of life of the young, is under the strong influence of globalization, which is transferred through the media and a society which is consumer-oriented. Every day, people have ever increasing possibilities for more and more contacts with different world and cultural patterns through the increase of economic exchange and access to communication (TV stations, Internet, cinemas and so on).

The process of globalization does not have an influence on old ways of behaviour with the same intensity in all segments. Since globalization has an influence on various segments of society through various channels, traditional forms of behaviour are under its varied influence. For instance, urban entities are exposed more to open communication than rural ones for obvious reasons (unequal Internet penetration and use, mobility and so on). But even in rural areas there is hardly a single village that does not come under the influence of modern culture. Urban entities have had relatively better economic opportunities during the transitional period, which has also resulted in a clearer attitude with regards to change (especially among the younger generation) – greater readiness for change, the desire to accept change, more flexible skills and so on.

Thus, the typical image of transition from Montenegrin cities, which reflects the multi-dimensional character of cultural changes is: a man in a black Audi passing by a man driving a tractor, while in the park opposite the Town Hall, there are cows grazing.

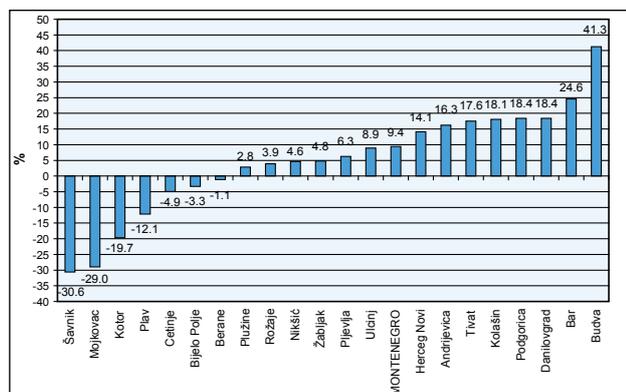
In the total population, the share of the urban population in Montenegro increased from 59% in 1991 to 62% in 2003. Also, urban areas are the fastest growing areas in the country. The biggest growth has been achieved in Podgorica, Budva, Bar and Danilovgrad. Montenegro is usually divided in southern, central and northern regions. One can notice differences in growth in these regions.

The essence of the dimension of future development in Montenegro is its establishment as a modern community of citizens. Both civil society

and urban cultural development are unthinkable without multiculturalism, which is expressed in the form of interculturalism. On the basis of historical and present development patterns, urban centres in Montenegro possess considerable potential as the basis of multiculturalism and for broadening the model of the entire social community.

From a practical point of view, it is very important to identify “the instigators of cultural changes” and create development policies using multicultural potentials which already exist in Montenegro. The said centres, with already well established urban tradition and centres with multicultural experience, can play an important role in the process of improving the quality of life, at the same time maintaining stability among various cultural communities within the framework of a changeable (globalizational) context.

Graph 8. Urban population growth rates by municipalities in Montenegro in 2003. (%)



For that purpose, it is necessary to undertake specific steps, both in the area of research and in the domain of practical implementation. One such area is related to the vision of citizens with regards to their place of residence (town or village), as well as the way they see themselves as actively included in this transformation. With this in mind, it is necessary to examine the way of thinking in urban areas and the level of satisfaction with life in the cities, as well as the level of participation of citizens in the process of urban development and their adherence to cities as places to live. The second area relates to interpersonal relationships and development of social norms. Because of this, it is necessary to examine the extent of relationships among national communities, cultural characteristics and inclinations towards social cohesion, the existence of inclinations towards cosmopolitanism, as well as the level of connection of national groups in isolated areas. With the existence of adequate data it is possible to create new projects of urban activities, as well as to formulate agendas for the

transformation of urban areas into the base of multiculturalism. This will open the way for the development of local activities directed towards the increase in urban culture, construction and use of urban areas, as well as development of the regional and local attributes of multiculturalism.

All this would contribute to the following: voluntary participation in urban formulation of politics, animation of citizens for the participation in projects for the improvement of urban ways of living; gaining citizens’ trust as a necessity for undertaking actions; various forms of voluntary action which do not reduce citizens’ trust in such a way that they feel a sense of deception; maintenance and improvement of good quality urbanism; the creation of urban culture as the basis of multiculturalism; improvement of a mutual system of values for all urban communities at the local and regional level for the whole of Montenegro. This approach would also create the basis for closer networking of urban centres into the European context of urban-multicultural permanence.

There is enough evidence showing that city-village gap, which is widening in the sense of income and social indicators (regardless of the way of life), is even wider than the generation gap, as well as being more dangerous for Montenegrin society. Apart from the already mentioned changes which widened the gap between the cities and villages (or centres and outskirts), there have also been changes in the market-driven economic system, so that cities (especially the capital city Podgorica) have become the centres of economic activity and made villages completely dependent on the cities in the sense of trading and almost everything else. All this has influenced the development of urban chauvinism, which shows the inhabitant of cities as educated, sophisticated and more valuable than the inhabitants of rural areas. This superiority complex of urban inhabitants is very dangerous for the stability of Montenegro, as it creates animosity among the rural population with regards to everything that comes from the cities, as well as animosity towards the idea of an open society and multiculturalism, which has been understood as “urban or town ideology”. On the other hand, does the ideology of the land and the Church dominate the way of thinking in rural areas? As a result of this urban chauvinism, villages have become centres where most radical political and traditional movements flourish, representing, in the final instance, a danger to democracy and social stability.

Box 7: Sustainable eco-tourism as an alternative for the elimination of regional disproportions

A. Village tourism in Montenegro

Within the framework of the pilot project "Village tourism", German tourists visited the Krnić family in March of last year in the village of Zabrdje on the Luštica peninsula. Village tourism in Montenegro has a specific season within the usual tourist season in the Montenegrin coastal zone: from March to the beginning of July and from September to the beginning of November, foreign and domestic guests can enjoy the authentic offerings of the Krnić family on Luštica peninsula near Herceg Novi. For village tourism lovers, within the framework of the offering, tourists visit an authentic old stone house, Luštica curing facilities and hearths, traditional restaurants called "konobas", olive presses, antiques and "guvno" – traditional circular-shaped meeting places, with a view over the Boka Kotorska Bay.

Hostesses in the traditional costumes of this region welcome visitors in a traditional way, offering homemade grappa, dried figs, sandwiches with homemade Luštica cheese and ham. The program also includes folk-dancing in traditional costumes.

This two-hour tour is a special experience offered to foreign tourists in Montenegro. Village tourism in Montenegro was made available for the first time in 1990. Since then, old authentic buildings along the Herceg Novi riviera have mostly been attracting Norwegian and German tourists.

B. The Eco-tourist village of Kosanica

The possibilities of alternative tourism have been recognized in the North of Montenegro as well. In the town of Pljevlja the Initiative Board was established for the realization of a project entitled "The Eco-tourist village of Kosanica".

Kosanica village is located on the main Pljevlja – Đurđevića Tara road, 1,540 m above sea level, 30 km from the town. This village will be along the route of the future highway from Risan to Pljevlja and Prijepolje via Žabljak, which will ultimately lead to Belgrade. Because of the vicinity of the Bjelasica and Durmitor ski-centres, the future eco-village of Kosanica could be a part of the unique tourist offering of Montenegro. It is particularly attractive for its unspoiled natural beauty, clear water, air and healthy homemade food.

The possibility of using equally the winter and summer seasons certainly adds a significant quality in the offering of Kosanica. Winter downhill and slalom skiing can be replaced by whitewater rafting, nature visits, rare game hunting and fishing. The arranged footpaths tracks could be used for Nordic skiing in wintertime. The area of Pušanjski Do with its configuration is ideal for the construction of a golf course or hippodrome, and it enables the landing of helicopters and also of light aircraft.

Great interest in tourism in the North of Montenegro derives from the need of tourists, both foreign and domestic, to enjoy the primordial values of unspoiled nature, especially mountains, alpinism and mountain biking. With a mountain bike, rucksack on the back and a camera, attractive programmes in the great spectrum of walking tours, free climbing, mountain-biking, mountaineering, potholing, alpinism are part of the possible scope of natural attractions of Montenegro, raising the level of spending on extra services.

Socio-economic diversity

Influence of the dissolution of Yugoslavia on various groups

The events that marked the period between 1992 and 1999, including the dissolution of Yugoslavia and introduction of comprehensive reforms, have had an equal influence on all socio-economic groups and regions in Montenegro. The feeling of comfort and security in the functioning of the Yugoslav economic system, a relatively high standard of living and generally equal distribution of incomes and wealth among the population, in a very short period of time, have been replaced by existential insecurity, the impossibility of planning, a considerably lower standard of living and relatively high inequality.

With the dissolution of Yugoslavia, the sense of belonging was lost. The interconnection of the economic systems of the former republics has been particularly reflected through the loss of the internal market and the winding up of big state-owned companies, which at the same time used to be the largest employers.

Although it managed to avoid direct armed conflicts on its territory, Montenegro has felt to a high degree the consequences of conflicts in the immediate neighbourhood. In the period between 1991 and 2004, a large number of refugees (at one moment more than 120,000) and internally displaced persons found shelter in Montenegro. This meant a 20% increase in its population.

The break-up of Yugoslavia has also influenced more intensive emigration. The combination of wars in the Balkans, UN sanctions, constant economic decline and loss of social and moral values that have been happening within the last ten or more years (starting from 1992), have left deep traces on the population and has also influenced the change of the social structure of the society. Those who were too impatient to wait for changes to happen in Montenegro, including those highly educated and ready to take risks, left the country and continued their careers elsewhere. Therefore, a significant number of the young and educated left Montenegro in search of better education and prospects during that period. The precise number of those who left is not known. According to the best estimates, just in the period 1990-95³¹, more

than 2,000 experts (mostly electrical engineering experts, technicians and civil engineers) left Montenegro. When we take into consideration their families, this figure is even bigger – more than 3,500. The most attractive were Canada and the USA (54%), European countries (30%), Australia, Africa, Asia and South America (the remaining 16%). Such a brain drain represents great loss of human capital for Montenegro.

At the end of the 90s, the institutions in charge of carrying out reforms were not able to face the new reform agenda, thus, as a normal consequence of this, the standard of living was on the decline. During the period of the difficult economic situation, including hyperinflation (after the period of hyperinflation during the year 1993, the inflation rate varied between more than 100% and 2,000%, only to reach a level lower than 10% in the year 2003); during the war and sanctions imposed by the international community, the population resorted to activities which caused the flourishing of the grey economy, and in some cases even to illegal activities. There was no more trust in the institutions of the system.

Those with entrepreneurial skills who took advantage of the newly formed market economy have been rewarded – this includes those with good business contacts, capital assets, those who possess knowledge and all those who were ready to take risks. On the other hand, a large number of people have not understood the reform processes and have not been able to cope with the new situation. Indeed, many groups have not ensured social or economic benefit, and it has led to unavoidable degradation of their economic position. This includes employees who lost their jobs after the closing down of factories which were not any more able to face competition, elderly people with fixed income and endangered categories like women, refugees and internally displaced persons, as well as the Roma population.

Not everybody, however, has taken advantage of the new opportunities and the increase in inequality was one of the visible signs of transition. Just like the other centralized and plan-based economies, in the transition period Montenegro has seen the growth of inequalities. If we use the **Gini coefficient** for the calculation of inequalities, Montenegro was moving from a country with a high degree of equality (in a regional sense) only to reach a level of inequality which characterizes countries in a region with emerging market economies. Still, if

³¹ Research on population incomes and expenditures number 9, March 2004, ISSP.

we were to measure the inequality by means of **decile quotient**³², Montenegro would be among the countries with the greatest inequality in the region, as can be seen in the following table.

Table 3: Comparison of inequality in consumption

Country	Gini coefficient	90/10 quotient
Bosnia and Hercegovina, 2001	0.26	3.3
Albania, 2002	0.28	3.6
Hungary, 1997	0.28	3.5
Serbia, 2002	0.28	6.7
Slovenia, 1997/1998	0.28	3.7
Montenegro, 2003	0.29	7.0
Bulgaria, 2001	0.30	4.1
Croatia, 1998	0.30	3.9
Macedonia, 2000	0.31	4.3
Estonia, 1998	0.38	5.4

Note: The Statistics for Bosnia, World Bank (2002b); Albania World Bank (2002a); Hungary, Slovenia and Estonia, World Bank (2000); Serbia, Milanović (2003); Bulgaria, World Bank (2002c); Croatia Luttmmer (2002); Macedonia, based on HBS data for 2000; Montenegro, ISSP & UNDP Research on population revenues and expenditures, July 2003.

**Data on inequality among ethnic groups is not available*

Different dimensions of poverty

Although it would be desirable to derive basic indicators for certain ethnic groups, there is a problem with the accessibility of such information. Rare data with the attribute of ethnicity is obtained during various electoral polls, registering at the Unemployment Agency, enrolment in schools, visits to healthcare institutions and the like. On the other hand, the lack of the possibility of monitoring certain parameters related to nation-

³² The decile quotient ratio represents the relationship revenue/consumption of 10% of the wealthiest inhabitants compared with that of the population with the lowest quotient. The information on the relationship revenue/consumption with the middle class is not taken into consideration, on the distribution of the relationship revenues/consumption nor is the information on the distribution of revenues between the top and the bottom of the decile. On the other hand, as an instrument for the monitoring of poverty, it is more acceptable than the Gini coefficient for many reasons. While the Gini coefficient is sensitive to distribution changes, it can be even more sensitive to changes in the middle class and it can completely overlook the changes which have influence over the poor.

Box 8: Perception of the most important social problems in Montenegro

From the perspective of the citizens, the most serious (or primary) social problems are still poverty, unemployment and high prices of provisions and services. However, a definite shift in priorities has been made. Apart from the abovementioned primary problems, the citizens emphasize those which result from the inability and incapability of the state and the society to address the adverse consequences of transition – corruption and crime.

When personal existential problems are placed in the overall social context, dysfunctional forms of behaviour (crime, corruption, drugs and other forms of addictions) are justified as the failure of the market system to offer adequate solutions.

Source: Centre for Democracy and Human Rights, Public opinion research in 2003

ality and the lack of some basic socio-economic indicators for certain ethnic groups, render the monitoring of the current image of socio-economic trends impossible. At the same time, social- and poverty-related programme activities should be focused on the poorest, regardless of their ethnic background, through which the influence of these policies would have nothing to do with the ethnic background of the beneficiaries. This is also the case with the calculation of the level of personal incomes and the level of poverty among various ethnic groups.

Different poverty measurements

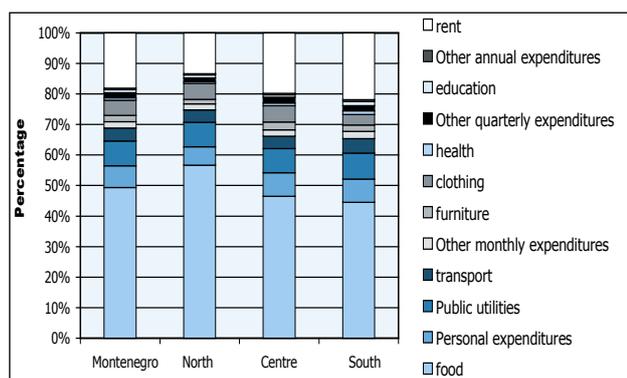
The official poverty line in 2003 is defined at the monthly level of € 116.20 per person³³. About 12% of the citizens of Montenegro live below this official poverty line. According to research, the population is highly concentrated around the poverty line, so that the increase of basic expenses by only 20% would lead to a doubling of the poverty rate. Because of the high share of incomes derived from the grey economy in household budgets, the revenue data is not reliable. This is why consumption aggregate has been used in estimating the poverty, at which minimum food expenses (calcu-

³³ Poverty reduction and development strategy, Government of the Republic of Montenegro, November 2003.

lated on the basis of the consumption of 15% of the poorest inhabitants according to the criterion of minimum per capita consumption). The basis for the calculation of minimum expenditures for non-food consumption was the expenditure of the households whose expenditure on food is equal to the food poverty line.

Although data on the standard of living of various ethnic groups in Montenegro is not available, the differences in the standard of living among various regions are considerable. Generally speaking, the poverty rate in the North of Montenegro is twice that in the central and southern regions³⁴ (14.9% in the north compared with 6.5% and 6.8% in the central and southern parts of the Republic respectively). Despite the fact that the poverty rate is different, there are no significant variations from the regional Gini coefficient and decile quotient in relation to the Republic average. There is evidence of the increased proportion of food in total household expenditures which points to a decline in the quality of life over the last decade. According to statistics³⁵, in 1898, on average, 35% of total household funds were used for food-related expenses. Today, almost one fifth of the households in Montenegro spend more than 60% of their resources on food. Again, the proportion is much higher in the northern part of the Republic.

Graph 9: Households expenditure structure



Source: Households revenue and expenditure survey, ISSP 2002.

The northern region is also different in the sense of the sources of household incomes. In relation to the average and in comparison with national indicators, the revenues from wages in the northern

³⁴ Source: Standard of living and poverty in Montenegro, ISSP & WB 2002. The data relate to the domicile population.

³⁵ Source: Survey on household expenditure, Statistical bulletin, Federal institute for statistics, Belgrade, 1989.1

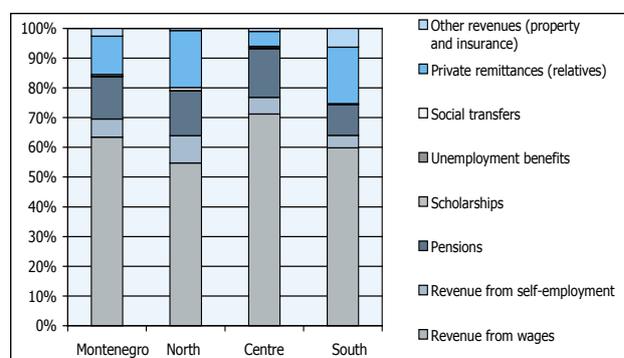
region are lower (67.4% vs. 75.7%). In addition, there is a greater number of households in the North which receive social assistance (4.9% vs. 3.9%, which is the Republic average) and private remittances (assistance from relatives in the country and from abroad – 23.3% vs. 19.3% at the Republic level). A considerable number of households in the South (in relation to the Republic level) make income from renting properties (32.5% in relation to 11.2% at the Republic level). For households in the South, the revenues from wages and private remittances are also higher (see table 4).

Table 4. Households revenue sources (percentage of households with revenues from defined source)

Revenue type	Montenegro	North	Centre	South
Revenue from wages	75.7	67.4	77.8	78.4
Revenue from self-employment	6.3	6.6	6.9	4.4
Pensions	4.5	41.3	47.7	38.7
Scholarships	2.2	1.2	2.8	3.3
Unemployment benefits	0.4	0.0	0.9	0.0
Social transfers	3.9	4.9	3.9	2.0
Private remittances (relatives)	19.3	23.3	11.7	25.6
Other revenues (property and insurance)	11.2	3.0	5.3	32.5

Graph 10 shows the survey of the average household's revenue structure by region. In the North, it is private remittances that stand out, whilst in the South property renting revenues are most prominent.

Graph 10: Households' revenue structure (share in total revenue per regions)



Source: Households revenue and expenditure survey, ISSP 2002.

Since data on the standard of living of various

ethnic groups is not available, and having in mind the elaboration of regional disproportions, it is indicative, in relation to the Republic average, of the fact that there is a considerable presence of Albanians and Croats in the southern part of the Republic. In the central part of the Republic, in relation to the Republic average, the presence of the Montenegrins is considerable (57.8% vs. 40.6% which is the Republic average)³⁶, whilst Bosniaks/Muslims prevail in the northern region.

Disproportions in regional development³⁷

The former concentration of industry in urban areas and the end of the attractiveness of being a farmer or a tourist worker, and the engagement in other traditional activities additionally distanced urban from rural settlements. The traditional division of Montenegro in three regions (northern, central and southern) is in correlation with the characteristics of the urban-rural division: more than 60% of the northern region of Montenegro has a rural character, almost 80% of the central part of the Republic is of an urban character, while the percentage of the share of urban areas on the coast is at the level of the Republic average of around 60%. Thus, we can say that the evaluation of the degree of development of the northern region of Montenegro personify the condition of the rural zone, while the industrialized centre and South of the Republic with developed tourism are a reflection of the urbanization rush.

The northern sub-region makes up 53% of the territory of Montenegro and is inhabited by 31.44% of the Montenegrin citizens. The main resources available are: a major share of the total available hydro-potential, overall coal reserves, 67% of arable land, 71% of total wood stock, 70% of the livestock, almost the entire reserves of lead and zinc and the resources for the development of winter and eco-tourism. This region contributes only 18% (at the beginning of 1990, the share of this region in GDP was 25.5%) of the GDP of Montenegro. The information that the GDP per capita in the northern region is only 46.1% of the Montenegrin national product standard per capita, speaks best about the underdevelopment of this region, while the GDP in the southern region is 13.46% above the Montenegrin average national product per capita. The share of the unemployed in the northern part, out of the total number of

unemployed in the Republic from 1993-2003, fell from 44.5% to 37.60%. One should bear in mind the fact that in the given period there was a fall in the number of inhabitants by 8.2 index points. In the meantime, the share of the unemployed from the central part of the Republic increased from 39.5% to 42.7%, and in the southern part of the Republic from 16.0% to 19.5%. One of the conclusions can be that migration from the North, as undeveloped, to the central and southern part of Montenegro, as developed regions, do not guarantee employment.

The central sub-region covers 35.5% of the territory of Montenegro, with 45.1% of the inhabitants, and containing 22.4% of arable land, 25.5% of wood stock, 22.6% of livestock and rich deposits of bauxite and a part of hydro-potential. This region contributes 55.5% (at the beginning of 1990 – 49.5%) of the total GDP of Montenegro.

The southern sub-region covers 11.5% of the territory. It has exceptional conditions for the development of tourism, the maritime economy and agriculture. The southern region represents the most developed region. This region is inhabited by 23.4% of Montenegro's citizens. The southern region contributes 26.5% of the GDP (25% at the beginning of 1990).

According to EU standards, demographically endangered areas, which require the special scenario of development support, are those areas with less than 6 flats/km². In the case of Montenegro, we are talking about the municipalities of Plužine and Šavnik. Because of the specificities of Montenegro, all those municipalities with a population density below 25% of the average density can be considered as demographically endangered areas. In that case, we can speak about 4 municipalities – besides Šavnik and Plužine, there are Žabljak and Kolašin.

The territorial dimension of inequality is additionally visible in the relation between the North and the coast. In the coastal zone, as well as in several bigger cities in Montenegro, economic assets are concentrated in the hands of a relatively small number of people – or "elite". In the north, many rural areas and smaller cities are completely impoverished. Today, one can justly speak about the "rich south" and the "poor north" (we include Podgorica and the areas south of it in the southern region, while the poor areas are those north of Podgorica). Indeed, it should be mentioned that in the South there are people living hard lives, as well as that there are few extremely rich people in

³⁶ Source: Preliminary census results, MONSTAT, 2003.

³⁷ Source: Regional development strategy of Montenegro.

the North. Although the socio-economic situation in Montenegro is difficult, generally speaking, the South is much better off than the areas north of Podgorica. The indicators of human development on a regional level speak about the differences in the socio-economic situation and perspectives in various regions of Montenegro.

Territorial differences reflected through HDI values

HDI is a valuable instrument not only for the needs of international comparison, but also for the analysis of the levels of development possibilities in various regions within one country, which are faced with various socio-economic conditions. From this perspective, possible index criticism (due to its composite nature) becomes its major strength. Thanks to its composite nature, this index can serve as an adequate instrument which better reflects the multidimensionality of development which influences people's lives. This is still only the first step in the analysis. With the aim of its use as a development policy definition tool, the HDI provides different options.

For that purpose, index disaggregation is necessary. Namely, the index value at the national level gives the idea of where a country is, from the point of view of human development in relation to other countries in the world. **Disaggregated HDI, i.e. its value at the level of certain parts of a country, or again at the level of certain social groups, can show where (and why) various administrative units or groups within a country stand in relation to one another, what the good and bad sides and accordingly which priorities should be at the level of central and local government.**

From this perspective, the purpose of disaggregation of the HDI is not simply the ranking of municipalities or groups, but rather the establishment of the ways in which each one of them achieved the HDI value (good economic performance at the expense of health or good educational possibilities). It is about helping local authorities focus on what they should be focused on.

The table below³⁸ shows that the highest level of human development is achieved in the central region, and the lowest in the northern region. Still, it is important to mention that the northern

region gradually realizes positive trends in the fluctuation of the level of human development. See the graphs below.

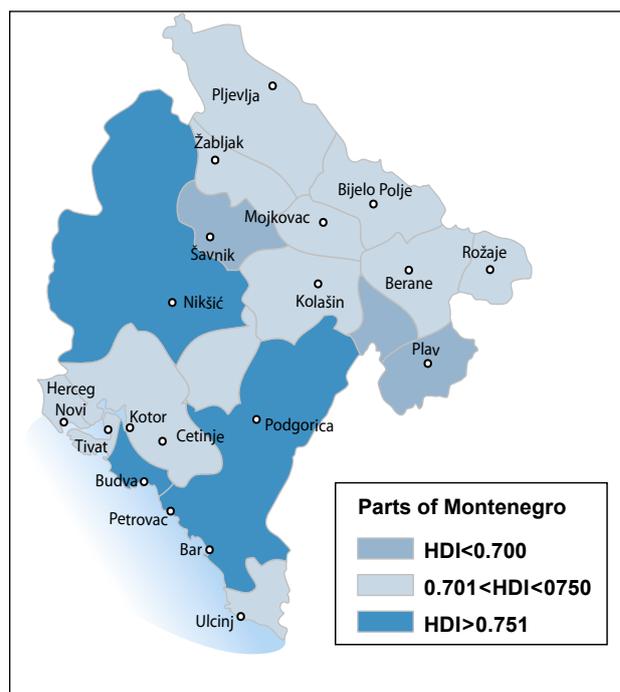
Table 5: HDI values in Montenegro (per regions)

Region	2000	2001	2002	2003	2004
North	0.707	0.710	0.737	0.753	0.765
Centre	0.781	0.787	0.786	0.800	0.813
South	0.761	0.770	0.777	0.789	0.802

Three municipalities (Šavnik, Andrijevica, Plav) have an index in the interval from 0.600 to 0.700, whilst the index of human development for the majority of other municipalities (Berane, Bijelo Polje, Danilovgrad, Žabljak, Kolašin, Kotor, Mojkovac, Nikšić, Pljevlja, Rožaje, Tivat, Ulcinj, Herceg Novi, Cetinje) is in the interval from 0.700 to 0.800. Four municipalities (Bar, Budva, Plužine and Podgorica) have a high level of human development (HDI>0.800).

Differences in the HDI values by region and municipality to a certain extent reflect wider economic, social and demographic situation in these areas. Still, one should be careful with certain comparisons. What they suggest is that the differences have got to be taken into consideration on the occasion of planning on the Republic level and that the state development plans have got to deal with the causes of regional inequalities.

Figure 1: HDI values (per municipality)



Legend: Parts of Montenegro

³⁸ HDI per regions and municipalities was calculated using the statistical data per municipalities (education, average life expectancy and GDP estimate).

Winners and losers in transition processes

In all the Balkan countries and beyond, the fall of the socialist system created “losers and winners” in the post-socialist era. In the long term, the transition contributes to better society: functioning according to the principles of a market economy, protection of property rights, freedom of choice and the rule of law and so on, are the best accelerators of society development, both in economic and human sense. At the same time, the transition intensified the pressure on certain economic, social and political groups. There is no precise loser or winner profile in the process of transition. The experiences of various countries are different. With regards to the “overdue” transition which characterizes Montenegro, it is still not possible to summarize the results.

Although almost all social segments “suffered” during the war and transition period, during the time and after the imposing of reforms for the establishments of market economy, there is little evidence for the calculation of the influence of these events on various ethnic groups. But, a priori it seems that certain segments of the society “suffered” more than others. This made them more susceptible to social changes.

The experience from other countries shows that among socially excluded groups, which are a consequence of the transition, most often there are members of ethnic minorities who are not able to face the competition which comes with transition and market economy. In Montenegro, these are certainly the Roma, refugees and internally displaced persons. The Roma – because they are the least equipped to survive in the system; as for the others – they are already at too advanced an age to start anew in a completely new environment.

Elderly people (pensioners) without liquid assets and with reduced flexibility are another group of losers from the transition process. It can happen that the middle-age generation (aged 31-45) lose the least. The advantages of this group are flexibility and maturity. On the other hand, advantage is also given to younger persons with less experience, but who are ready to work overtime as well.

Because of the standards imposed by the growing private sector, the winners are educated persons, who speak foreign languages and who can work on the computer. The state administration is in a bad position because of the necessity to reduce budget

spending and rationalize public administration. On the other hand, an administrative worker does not possess skills required by a private employer. The transition widened the gap between the rich and the poor, which is followed by the increase of inequality in the society.

Just as it was the case with other transition economies, the shift from egalitarianism, imposed by the state directed socialist economies, towards a market-oriented economy, unavoidably leads to the increase of inequality. The extent to which this should or could be mitigated, in order to ensure more equitable redistribution of the gains from liberalization processes, is a significant topic for debate on human development.

With the development of market economy and economic freedoms, the democratic processes in the country are enhanced. In that sense, the winners in the process of transition are: civil society, trade unions and business associations of entrepreneurs, and they represent significant factors in the decision making processes.

In the spirit of respecting the principle of human development, unavoidable costs of transition, especially in short term, are followed by the expected gains from economic and political liberalization, broadening the choice and individual opportunities. Benefits and opportunities should not be restricted to a relatively small part of population – “elite”. As a consequence of this, a series of debates has been initiated related to the necessity for equal and just distribution of gains from the influence of market forces. However, means and processes influencing this redistribution are always problematic. On this level, it is enough to notice the following: human development concept comprises certain form of compensation between winners and losers. This suggestion has got to be examined – as a part of moral attitude and in the interest of maintaining stability in any society. This is the basic worry of a stable multiethnic and multicultural society.

Corruption and crime

Simply defined, corruption represents the abuse of public authority with the purpose of the realization of private profit. However, definitions of corruption and its impact may vary. It is not correct to assume that corruption always means the same thing or has the same influence or motivation. However, the effects of corruption are always inadequate,

inefficient and unjust resource distribution and its potential to jeopardize the institutions of democracy³⁹.

The World Bank Study and the evaluation done by Transparency International for 2004 have showed that the corruption index in Montenegro is very high. According to this study, looking only at political corruption, Serbia and Montenegro is ranked 106th out of 133, with an index of 2.3 (on a scale where 0 means high corruption and 10 means no corruption).

At the beginning of 2004, an NGO carried out a public opinion poll in Montenegro on a sample of 700 inhabitants, which showed that the biggest social problem in Montenegro, according to the opinion of 76.4% of the interviewees, is corruption and criminal activities. Altogether 84.2% of the interviewees think that corruption exists, while only 1.1% think that corruption does not exist.

What are the most successful way of curbing corruption, according to the opinion of the interviewees? The idea of the implementation of new laws is supported by 23.9% of the interviewees; 22.8% see the solution in stricter judicial prosecution and more severe punishment, and 15.8% suggest publishing corruption cases in the press and on TV.

Addressing the issue of corruption, so far the Government of Montenegro has established the Agency for Anti-corruption Initiative (a member of SPAI for Southeast Europe), the Anti Money Laundering Agency (which is about to become a member of the Egmond group), the Public Procurement Commission, the Commission for Establishing Conflict of Interest and the Special Prosecutor for the Fight Against Organized Crime. Also, a set of laws has been adopted, such as the Law on the Prevention of Money Laundering, the Law on the Conflict of Interests and the Law on the Financing of Political Parties. However, there is still the need for new regulations and improvement of the existing ones in order to ban corruption, as well as to find more efficient ways of implementing the legislation. It is important to mention that the media and NGO sector in Montenegro, in cooperation with government institutions, have been directly included in the fight against corruption. In that sense, it would be important to adopt the National programme to fight against corruption by means of the consensus of all stakeholders in Montenegro.

³⁹ Source: Transparency International Source Book 2001.

Anti-corruption Initiative Agency

At the third working roundtable of the Stability Pact for Southeast Europe (Sarajevo, February 2000), the Government of the Republic of Montenegro accepted the Agreement and the Action Plan of the Anti-corruption Initiative.

Thus, in May 2000, the Government appointed a Senior Representative for Anti-corruption and established the Agency for Anti-corruption Initiative. Basic tasks of the Agency are: preparation of draft laws, laws and bylaws (on behalf of the Government), the undertaking of promotional and preventative activities, implementation of international standards and instruments and co-ordination of activities between the Government and NGO sector.

In October 2003, the Government established the **Anti Money Laundering Agency**. The Agency was established with the purpose of being an integral component of the Government fight against corruption and financial crime, including money laundering and financing of terrorism.

The Agency is responsible for the implementation of the Law on prevention of money laundering. This law requires from the banks and other bodies to report to the Agency all transactions surpassing €15,000, as well as those of any amount whatsoever in case there are grounds for suspicion of money laundering. In addition to that, the Customs

Box 9. SOS telephone for the victims of corruption

In February 2005, a local NGO, MANS, established SOS & INFO contact telephone line targeted at the victims of corruption and citizens who would like to be informed about the functioning of state bodies. Until now, about 200 corruption cases have been reported; most of these are related to the work of state institutions. As the follow-up, the reports have been submitted to competent state bodies which should undertake further steps. MANS has established good co-operation with the Ministry of Internal Affairs, thus the Ministry has started the investigative procedure on the basis of submitted reports. Most of the reported cases are within the competence of respective Inspectorates and the Ministry of Internal Affairs, while the remaining part is related to the Ministry of Health and the Ministry of environment and physical planning.

Administration is obliged to report on cross-border movement of cash, cheques, securities and precious metals and stones surpassing the amount of €15,000.

The Agency serves as a Financial Intelligence Unit and it collects, analyzes and forwards the information to competent bodies and international organizations within the framework of the world fight against money laundering and terrorism funding activities.

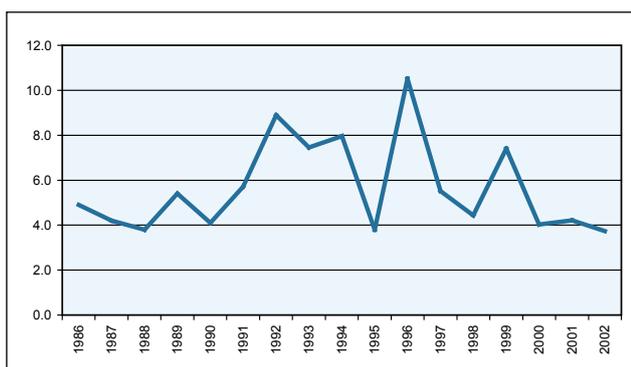
The crime rate in Montenegro, after the growth during the last decade, shows a falling trend. In the period 1986-2003, the relation between the number of convicted persons per 100,000 inhabitants was lowest in 1991, and highest in 1986.

Graph 11: Number of convicted persons (per 100.000 inhabitants)



Source: MONSTAT, Statistical almanac 2003, 2002, 2001, 1995, 1992.

Graph 12: Convicted minors (as the % of the total number of convicted persons)



Source: MONSTAT, Statistical almanac 2003, 2002, 2001, 1995, 1992.

After a sudden increase in 1999, the number of convicted minors has decreased. During the last 20 years, no clear trend can be noticed in relation

to the number of convicted minors relative to the total number convicted.

Finally, armed robberies are still a problem in Montenegro. To a large extent, this is the consequence of wars in the Balkans, when a lot of illegal arms fell into the hands of ordinary citizens. Generally speaking, in the Balkans, and especially in Montenegro, the issue of the possession of arms is a wider one, and it also has a cultural component. The Ministry of Internal Affairs, with the support of USAID and the UNDP, organized an amnesty campaign "Respect life – return arms". Over 1,200 citizens during the first two months of the campaign submitted to the police 34,233 pieces of unregistered firearms and ammunition (in comparison to 3,230 items of arms confiscated by the Ministry of Internal Affairs from citizens in the period 4 or 5 years before the campaign). The submitted arms were destroyed by the Ministry of Internal Affairs. Another important programme is Small Calibre Arms Control, supported by the UNDP at the level of the State Union. The overall goal of the programme is the development of a sound national strategy with a view to establishing a long-term project which will contribute to the creation of a safer environment and develop a strategy for Montenegro for effective control of small calibre and light weapons in order to promote conditions that will encourage the society to return to normality.

Apart from poverty, the phenomenon which characterizes many transition countries is growth inequality. Generally speaking, inequality measures give us an idea how growth benefits are distributed. The Gini coefficient in Montenegro is 0.29 and it is in the same range as the coefficients in other transition countries in Eastern Europe. Although the marginalized population does not have a considerable influence on the Gini coefficient, there has been a 90/10 coefficient increase and this shows high inequality in Montenegro in comparison to other countries (7.0). Inequality is the greatest among the RAE population. Average monthly consumption *per capita* of the RAE population is 2.3 times lower than the average monthly consumption *per capita* in the country. In these conditions, the poorest RAE person spends 15 times less than RAE persons who are "at the top" of the consumption scale. Inequality is least present among internally displaced persons, although it is still quite high among them.

Table 6. Inequality measures

Inequality	Total population	Domicile population	RAE	Refugees	Displaced persons
Gini coefficient	0.29	0.28	0.38	0.31	0.27
Decile ratio ⁴⁰	7.0	6.5	15.4	7.8	5.7

The revenue from wages is the most frequent source of income for domicile population, refugees and displaced persons. Most frequent source of support for RAE households are private remit-

tances (27.6%); humanitarian help is the second source of support for RAE households (18.7%), and after that, there is the revenue from wages (16.0%).

Table 7. Sources of income for households

Kind of income	Resident population	RAE	Refugees	Displaced persons
Wage income	75,7	16,0	54,0	43,3
Self – employment income	6,3	7,8	6,7	4,2
Pensions	45,5	8,6	19,6	26,4
Scholarship	2,2	0,0	0,6	1,5
Unemployment compensation	0,4	1,2	0,0	0,4
Social transfers	3,9	9,3	7,4	2,7
Private transfers (relatives)	19,3	27,6	10,4	12,6
Humanitarian help	0,8	18,7	9,2	4,2
Other incomes (property&insurance)	11,2	0,4	0,6	0,0

Source: ISSP, Household Survey

Gender (in)equality

According to the most recent census conducted in Montenegro (2003), the gender structure of the population is relatively equalized (50.78% female citizens, 49.22% male citizens). A somewhat greater percentage of female citizens live in urban areas (51.4% in relation to 49.6% men). Men in Montenegro are better educated (14.77% male and 10.46% of female citizens have advanced or high education), whilst among 2.35% of illiterate persons, 63.47% of them are female citizens. Longer life expectancy of female citizens in Montenegro also has an effects on the structure of the illiterate, so that there are 74.3% of female and 41.5% of male illiterate citizens older that 60 years of age. However, it is important to mention that an increasingly greater number of female citizens opt for university education: in the total structure

of enrolled students, 54.6% are female citizens. In that sense, among faculties, the most attractive ones are the Faculty of Philosophy (over 90% of enrolled students are female citizens), the School of Medicine and the Academy of Music (over 70% of enrolled students are female citizens), the Faculty of Economy and the Law School (over 60% of enrolled students are of female gender)⁴¹.

Although the legal system in Montenegro relies on the concept of full equality between men and women, practice shows that the traditional patriarchal concept of woman's role and her position in society is still very much present and is reproducing itself again.

The legislation related to education and on-going reforms, eliminates stereotypes between genders. New and old programmes are adjusted to European standards. Stereotypes are not shown where the education goals are defined. As a legal subject, a woman recognizes her equality with men. Women, just like men, may make decisions which

40 Decile quotient (90/10) represents the relation between the average consumption of 10% of the richest part of the population and the average consumption of the poorest part of the population. Although 90/10 relation does not take into consideration the information on the distribution of income among higher and lower deciles, it is sometimes more suitable than the Gini coefficient which can completely disregard the changes which affect the poor.

41 Source: Female and male citizens in Montenegro, available data for 2002; University

will satisfy their individual needs and interests to the greatest possible extent. The legal system in Montenegro does not separate women from men in terms of conditions for granting loans and other affairs related to property, as well as in commercial activities; a woman may sign contracts in her own name and on her own account. The possibility of starting a business and getting loans is equally accessible to men and women. Nevertheless, the tradition in Montenegro is that the assets in the possession of a household must often be signed over to the "male head of the family": first the father or brother, and later the husband, so that women are often faced with the problem of providing guarantees for loan approval⁴².

Women have the same property rights as men do. They may be the beneficiary of a will and manage the inheritance. However, it is still present in practice for women to be more likely to renounce the inheritance in favour of somebody else. Usually, a daughter uses this institute in favour of her son or brother.

Box 10: The Feminist movement in Montenegro

The first women's organization in Montenegro was established at the beginning of the twentieth century. Archive documents on the activities of feminist movement can be relatively easily found. Many of the rights these women were fighting for are included in legislation. With the development of a democratic society and strengthening of the NGO sector in Montenegro, in the last ten years the non-governmental organizations dealing with women's rights have enjoyed a considerable position. According to data from the registry, there are 37 domestic non-governmental organizations in Montenegro dealing with the protection of women's rights and gender equality. The activities of these organizations influence public opinion by presenting how total economic, social and political events reflect on women as individuals and as members of the society. With the development of democracy, women participate in public life in a more transparent way, so that many of them are active in the cultural, sport, science, economic and political arenas.

⁴² Research of the Office for Gender Equality in the Government of Montenegro (2003) has confirmed that in most cases the property of a family is signed over to male family members.

Women in the workplace

Protection from discrimination in the field of the realization of the right to work and employment under the same conditions is contained in the Constitution of the Republic of Montenegro, which in article 52 guarantees the right of all to work, to free selection of occupation and employment, to rightful and humane conditions of work and protection during unemployment. The Constitution of Montenegro in article 53 guarantees the right of employees to adequate income, limited working hours, paid vacation and protection at work. The young, women and disabled persons are guaranteed special protection at work.

Protection of health and security at work for all employees regardless of sex is regulated by the Law on Labour and Protection at Work. Women enjoy additional protection in terms of the protection of maternity and special protection of health. The employer who does not organize work in such a way as to ensure protection of life and health of the employed or does not ensure special protection to an employed women in the sense of the preservation of her health, commits a serious offence which is sanctioned in accordance with the Law.

The status of a woman in the family is still considerably different where, in traditional families a woman is considered the "pillar" of the household. However, in more progressive families in urban areas there have been considerable changes: responsibilities have been shared and women are increasingly included in decision-making processes regarding education, financial and other important family issues and they have a greater contribution in activities outside their households.

Of course, a lot more effort needs to be invested in order to achieve gender equality. Despite significant improvements that have happened in recent years, Montenegro is still a patriarchal society, but to a much smaller degree than 50 years ago.

In Montenegro, over the past ten years the rate of participation of women in economic activities has changed considerably. The rate of female activity has recorded an increase during the last several years (2003) to 49% in comparison to the rate of below 44% in 2000. The rate of female activity as a percentage of male activity is on the decrease, and having in mind that the rate of female activity is on the increase, we can conclude that the rate of male activity is also on the increase.

Box 11: Women as heads of households

According to data from the Household Budget Survey, women are heads of 19% households in Montenegro. As compared to households with men at their heads, these households have fewer members (2.6, as opposed to 3.9). Women acting as heads of households are mostly widows (62%), single or divorced (34%), and on average 57 years old. In most cases, women as heads of households have their own income. Of them, 54.5% receive a pension, while 22.5% are employed, 12% are out of work and stay at home, 6% are looking for work, 1% attend school, while some 4% of women who manage households were ill or unable to work. Such a structure is in harmony with the information that most women who are heads of households are widows, as well as with the information that women having this role are older than men.

Regarding education, the Survey showed that women managing households are less educated than men in the same role. One of indicators of material and social security in households is the information about whether a household is the beneficiary of a family material support programme (MOP). The Survey shows that households with female heads are more frequent candidates for social assistance than households run by men. Out of the total number of households, 12% are included in the MOP programme, while among households with male heads this percentage is considerably lower and amounts to 4%.

Source: Household budget survey number 10, ISSP

The unemployment rate among women is almost twice the one among men (35% for women in 2003 as opposed to 20.6% for men).

Gender discrimination

Two recent surveys – of all women and of only Roma women, cast an interesting light on the degree and form of gender discrimination in Montenegro, and the results are surprising up to a certain degree, since they show a relatively high degree of acceptance of the traditional role of woman in society and family, and relatively mild forms of gender discrimination.

The results of the surveys showed that men are mostly the heads of households in Montenegro, that they are generally more educated than women, that there are more employed men, as well as that they earn more money and in considerable number of cases have their own businesses. Greater number of women are active in the grey economy, and in companies which are in the process of restructuring, women are the first to be dismissed⁴³. Such a relationship between genders in Montenegro certainly does not make a good basis for equality. In the past, a woman in Montenegro was seen as the “pillar of a family” even though women had not been educated, employed nor had any kind

of independence. If we were to compare former tradition with the current one, the progress is much more than evident. More and more women go to university, get employment, build careers and/or start their own businesses.

Businesses run by women mostly deal with “typically female” activities like commerce, hairdressing/cosmetic services and similar, although there are cases of companies run by women dealing with “typically male” activities⁴⁴. When we talk about private businesses, the trend in the world of equalization among companies run by men and those run by women, is gradually transferred to Montenegro as well. Namely, this is a logical consequence of the fact that today more and more women take the chances and opportunities being offered to them in the system of education, at work and in the family.

However, taking into consideration the fact that women today, at least formally, have better opportunities, the expected result has not been achieved. Women today have the right to education and employment, their own income, but that does not reduce their family obligations. By gaining independency, a woman in Montenegro additionally increased her everyday obligations. Nevertheless, it is evident that a considerable number of women accept their obligations and that

⁴³ Centre for entrepreneurship and economic development: Discrimination of women in employment process and at work, 2002.

⁴⁴ Centre for entrepreneurship and economic development: Challenges faced by women entrepreneurs in Montenegro, 2002.

the acquired or potential independency is worth making sacrifices for. In the current economic circumstances, education has become difficult; the number of vacancies is limited, as well as the possibilities for promotion for both sexes. On the other hand, competition for available positions is ever increasing.

Box 12. The Office for Gender Equalities in Montenegro prepared an **Initial report on the implementation of Convention on elimination of all forms of discrimination of women (CEDAW)**, which covers the period 1990-2003 (the first six months). This obligation was prescribed in article 18 of the Convention, which obliges the signatory countries to submit their reports on regulatory, judicial and administrative measures, adopted with the purpose of the implementation of the Convention, as well as on the barriers they had had. During the work on the report the Office had good co-operation and obtained the information from: the Ministry of Foreign Affairs, the Ministry of Justice, the Ministry of Health, the Ministry of Labour and Social Welfare, the Ministry of Education and Science, the Ministry of Internal Affairs, the Ministry of Agriculture, the Unemployment Agency, the Institute for Statistics (MONSTAT), the National Co-ordinator for Fight against Trafficking in Humans and certain NGOs which deal with the issues of women's rights.

This report evaluates the measures which represent the obligation of Montenegro in accordance with the signing of the Convention and examines de jure and de facto all articles of the Convention. De jure analysis evaluates to what extent Montenegrin laws are consistent with the provisions contained in the Convention, while de facto the evaluation examines to what extent women really enjoy rights and protection guaranteed by the Convention.

In the process of preparation of the National Action Plan, the Office has published a book which contains documents from the conference held in Beijing in 1995 and Beijing+5 held in 2000. Also, the Office has prepared the Draft Law on gender equality which will for the first time in Montenegrin legislation give the definition of gender discrimination.

On the basis of stated indicators (from the two surveys) on the relations between genders and the position of women in Montenegrin society, the results of the surveys show that:

1. In Montenegro, there is no appropriate strategy for the development of gender relations which would focus on strengthening of gender equality. The Office for Gender Equality of the Government of Montenegro has recently started with the activity on development of the National Action Plan for the achievement of gender equality;
2. Current participation of women in state institutions, with greater degree of control over social policy, is insignificant;
3. The nature of activities carried out in these institutions with greater social power does not justify or explain small participation of women in them;
4. One of possible reasons is the fact that the organization of Montenegrin society and unfair distribution of non-paid work in the family are the main causes for the impossibility of women to obtain higher positions in social and political life and economic activities;
5. More adequate explanation is given by patriarchal inheritance and sensitive social balance in the society, which currently do not allow for greater insistence on gender equality. However, it is evident that such attitudes have been changing, especially in urban areas where the movements fighting for women rights are getting stronger.

Sociological survey on genders and gender relations in Montenegro has covered a wide range of questions which include: character of social forces in the society, multiethnic, multicultural and multi-confessional differentiation, character of social institutions and their structure, social, legal and economic issues which include stability and political uncertainty. The nature of socially deviant and destructive behaviour and meaning and direction of social changes have also been covered.

Already conducted research⁴⁵ in Montenegro comprised the examination of significant issues related to gender relations: relations between parents in a family, the position of father and mother, childcare, economics equality, the ability and participation of

⁴⁵ Survey carried out by the Office for gender equality of the Government of Montenegro (2003).

men and women in social life, relations between male and female children in the family and other issues essential for genders and relations between genders.

The main conclusions are:

- o 50% of women think they have the same rights as do men, while 48% think opposite;
- o Unequal position is dominant in the sphere of political life, managerial positions and family;
- o 30% of women believe that there is inequality in the labour market, in terms of the existence of traditionally male and female professions, while the same percentage think that there is no inequality;
- o almost 50% of women think that family obligations are not an obstacle to a professional career;
- o 80% of women think that in terms of property and inheritance, men and women should be equal;
- o 70% of women believe that women are not discriminated in the family, while 21% think that such discrimination exists;
- o Women have less property than do men.

The survey⁴⁶ on Roma culture and the position of women, carried out by Democratic Roma Centre, shows that Roma women have only got some rights and many obligations: obligation to give birth, keep the household, take care of younger and older member of households. In many cases, women in Roma society represent a family "economic pillar" and condition of its survival.

In terms of gender discrimination on Montenegrin labour market there is no clear evidence that women are in an unequal position in relation to men. The Centre for Entrepreneurship and Economic Development in Montenegro, the Centre for International Private Companies from the USA and Kvinna till Kvinna from Sweden carried out research in 2002 on discrimination of women in Montenegro⁴⁷. This is the only research of this kind ever to be undertaken in Montenegro. The general conclusion of the research is that women do not perceive discrimination as a serious problem. "One of the explanations is that under the previous communist regime, women were apparently treated equally to men. On the other hand, Montenegrins are currently fighting

with an economic crisis and they are focused on survival rather than on the issue of gender relations. In current conditions, with limited number of available good jobs, the motive to work is more a contribution to family budget rather than personal satisfaction. It is clear that the Montenegrin woman is faced with the 'double burden' of earning money for family and taking care of the household. Many people, both men and women, believe that women can easily do both. However, women should often ask themselves what is more important, dedicating time to their families or giving contribution to family budget. According to the results of our research, taking care of family is very often the priority in relation to woman's professional goals".⁴⁸ This is the result of the fact that the burden of non-paid care for the household is not divided equally between men and women.

The unemployment rate in 2002 among women is almost twice as high as among men (33.7% with women in 2002, 17.2% with men). Long-term unemployment is lower among men (about 30% of unemployed men are looking for work for more than one year, while this percentage among women is 50%). Job security is higher among men. When speaking about the reduction of the number of employees, women are usually first to be dismissed, which represents serious discrimination.

Gender balance in the Government

Gender analysis of the employees in the Government of the Republic of Montenegro (including ministerial and sub-ministerial positions) shows that 21.56% are women. It is interesting to mention that among certain ministries there are significant differences. For instance, in the Ministry of Health, women contribute 80% in the structure of the employees; in the Ministry of Internal Affairs that percentage is 15%, and in all other ministries, except in the Ministry of Marine Affairs and Transportation, the Ministry of Tourism and Ministry for the Protection of Minorities, women make up 50% of the total number of the employed.

We can already conclude here that women, in comparison to men, are in an unenviable position. In addition, this conclusion is supported by the fact on the participation of women, according to hierarchy, in decision making process. The participation of women in ministerial positions in the Government

⁴⁶ Survey "Roma woman at the beginning of the 21st century – yes or no?"

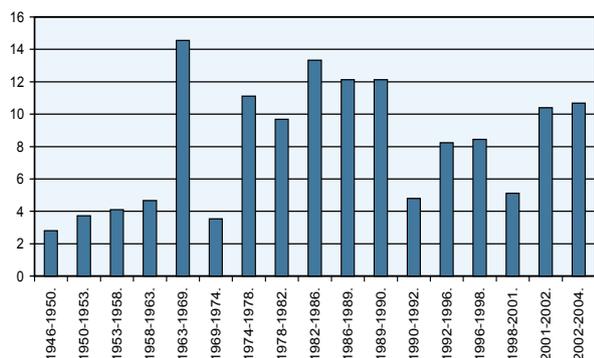
⁴⁷ Discrimination of women in the process of employment and at work.

⁴⁸ Discrimination of women in the process of employment and at work, conclusion, page 29.

of the Republic of Montenegro is 12.5%, while the participation of women in sub-ministerial positions (positions of advisors to ministers, assistant ministers or secretaries to ministers) 30.95%. Women have greatest participation in total number of the employed on sub-ministerial positions in the Ministry of Health (80%) and the smallest in the Ministry of Tourism and Ministry of Culture (0%). In the Ministry of Justice, Ministry of Education and Science and Ministry of Foreign Economic Relations and European Integrations, the participation of women in the position of assistant minister is 50%, while this participation is somewhat lower in the Ministry of Economy, Ministry of Foreign Affairs, Ministry of Agriculture, Ministry of Marine Affairs and Transportation and Ministry of Internal Affairs. The Ministry of Labour and Social Welfare and Ministry of Environment and Physical Planning, on the sub-ministerial level have somewhat more than 50% employed women.

In the Parliament of Montenegro, in 1946 women were represented by 2.8%, in 1963 by 15.3%, and in 2003 by 10.67%.

Graph 14: Percentage of participation of women in Montenegrin Parliament



Gender differences reflected in gender-sensitive human development indexes

The development index by gender uses the same variables as HDI. The difference is in the fact that GDI adjusts the average achievements of each country in basic indicators – average life expectancy, level of education and income – in accordance with the disparity in achievements between men and women. The greater disparity between genders in basic assumptions of human development, the lower GDI in a country in comparison with HDI.

GDI adjusts maximum and minimum values related to average life expectancy, because of the fact that women live longer than men. For women, maximum average life expectancy is 87.5 years, while minimum value of this indicator is 27.5; for men, these values are 82.5 and 22.5 years (HDI

uses the range between 25 and 85 years). Income index construction is rather complex.

Gender index development (GDI) at the level of 0.787 in 2004 marked a slight increase from 1991 and a significant increase from 1999 – probably pointing to ever increasing income differences between genders. According to this indicator, Montenegro is ranked among the countries with an average level of human development. The table below shows partial indices and the gender development index for the mid-term period 1991-2003.

Table 8. Partial gender indices and Gender development indices (GDI): 1991-2004.

	1991	1999	2000	2001	2002	2003	2004
Gender development index (GDI)	0.775	0.748	0.753	0.760	0.765	0.779	0.787
Weighted life expectancy index	0.810	0.781	0.781	0.781	0.774	0.776	0.776
Weighted education index	0.860	0.900	0.897	0.892	0.898	0.892	0.893
Weighted income index	0.655	0.564	0.581	0.608	0.624	0.670	0.691

The gender empowerment index (GEM) is another human development indicator which measures inequalities in three areas:

- Political participation and decision making power, measured with proportional participation of women and men in the parliament;
- Economic participation and decision making power, measured with two indicators – proportional participation of women and men in the number of legislators, senior officials and managers, **and proportional participation of women and men** in professional and technical positions;
- Power over economic resources, measured through the estimated earned income of both men and women (PPP US\$).

The GEM index value at the level of 0.452 in 2004, indicates that according to this indicator, Montenegro falls among the countries with medium level of human development. The index value is low compared to developed countries but it is quite close to the value in most transition countries characterized by medium human development level (Russia – 0.467; Macedonia – 0.517; Romania – 0.465).

The table below shows partial and total GEM values in Montenegro.

Chapter 3: Policy challenges

Emergence of Montenegrin Identity

The Republic of Montenegro has gradually been developing its identity as a country with a unique cultural and ethnical configuration, a distinct and rich history and significant cultural achievements and traditions attached to all peoples living in Montenegro. However, it must be noted that the Montenegrin society is extremely polarized over the issue of the future status of the country - either independent Montenegro or the union with Serbia (Serbia and Montenegro). Reflections of this issue influence not only the political sphere in the country, but also the broader cultural, religious and inter-ethnic aspects of the society. On

the one hand, those supporting an independent Montenegro are also supporting the recognition of the Montenegrin mother tongue as well as the recognition of Montenegrin Orthodox Church. On the other hand, those supporting the State Union (Serbia and Montenegro) are emphasizing religious, cultural and linguistic commonalities between the Serbian and Montenegrin populations.

Regardless of what the outcome might be in terms of the future status of Montenegro, it is very important for Montenegro to develop cultural freedoms and its own identity. With the view to establishing Montenegrin identity, one of the initiatives currently ongoing is a campaign to change the name of the

Cetinje



The Illyrian state had been a tribal alliance, which was dissolved during several wars with the Romans and Greeks from 231 BC to 167 BC. The last great Illyrian resistance occurred from 6-9 BC, after which the Province of Illyricum was divided into Pannonia and Dalmatia. The territory of modern Montenegro was a part of Dalmatia then, from which a separate province of Prevalitana with its centre in Shkodër was established in the late III century and after Diocletian's reforms of the Roman Empire (297 BC). During the Roman administration, the most famous urban settlement was Doclea (Duklja) situated at the confluence of the river Zeta into the river Morača, on the Narona-Scodra Roman road. It acquired the status of municipium in the first century, and was the centre of the Province of Prevalis. The written sources originating from year 343 mention it as the seat of the Docleanian archbishopric. Besides Duklja, which was an urbanized settlement, another significant municipium within the territory of today's Montenegro was the Municipium situated in the vicinity of the town of Pljevlja.



Skadar Lake



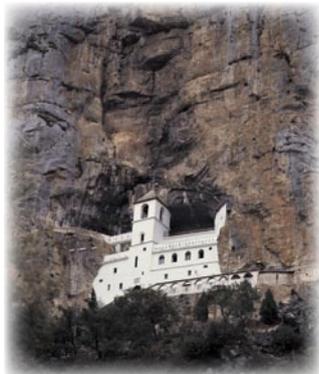
Very little data exists relating to the first centuries of Slavic life in Montenegro. The progenitor of the **first Montenegrin (Slavic) dynasty, i.e., the Vojislavljević Dynasty, was Stefan Vojislav (1016-1043)**, who won Duklja state independence which was acknowledged by the Byzantium. During his rule, the final separation between the Holy See and the Patriarchy of Constantinople occurred in 1054. After the armed fights against the Byzantine rule in Macedonia and after sending help to the rebels in Macedonia in 1072, King Mihailo Vojislavljević finally managed to raise his country to the level of a Kingdom. King Mihailo's state reinforced its international recognition, expanded its territory and became a strong military force in the region. In a spiritual sense, the population of his state was under the authority of episcopacy of Dubrovnik, which was subject to Split, whereas Split was subject to Rome, so Mihailo's aspiration to gain also spiritual independence was not achieved until the time of Bodin (1082-1101), his successor.

Political anarchy indicated the end of the independent state of Duklja (Zeta) as of 173, during which time the state, its religion and culture were being developed and dominated by western influences. From 1189 to 1360, Zeta was a part of the Nemanjić state, within which it succeeded in preserving a certain level of autonomy.



Ostrog Monastery

During the time of the Balšić and the Crnojević dynasties, in a cultural sense, the interlacing, different influences from the east and the south were assimilated. Byzantine tradition in writing, and in copying and translating foreign writings was mingled with strong cultural influences from Italy, especially after the fall of Constantinople (1435) when a rather specific renaissance arose in Zeta. That was particularly true for coastal cities, where the influences of the Italian renaissance were noticeable. For example, Andrija Paltašić was from Kotor and, during his life in Venice, he printed not only religious books but also classics by authors such as Cicero, Ovid, Virgil and others.



Under Turkish rule from 1496 onwards, Montenegro was part of the Ottoman Empire as a separate region under the control of Skadar and Sandžak Beg. From the very beginning of Turkish domination (1496-1688)⁴⁹, the imposition of capitulation and other forms of duties, and especially military service in Turkish army units outside the borders of Montenegro, induced strong resistance.

Some parts of Montenegro experienced an intense incorporation of oriental (Islamic) and western (Christian) cultures through the influence of Constantinople and Rome respectively, which were exerted over several centuries of the Ottoman Empire's presence and domination in this region (until 1912). Many of the social and demographic features of Montenegro, including the religious composition, were induced by intensive Islamic assimilation over the period. The influences resulted in the development of new towns and the transformation of old town centres in the region, as well as in a more complex and heterogeneous cultural and ethnic mixture.

Pljevlja



During the Turkish administration, tribal organizations developed within the whole area of today's Montenegro except on the Boka Kotorska. A tribe represented the community of several brotherhoods,

which had their own territory, institutions, joint property, the same economic base for social life, traditions and sense of commonality and the patriarchal life organization. Tribal principles as a specific form of particularity have been preserved to modern time not only as part of folklore and a sense of affiliation, but also as an instrument of the modern political development, to take advantage of the Montenegrin heritage. The Bishopric of Cetinje represented the spiritual centre of Orthodox Montenegrins, which, as a religious and spiritual centre, gathered the Montenegrin tribes and polarized their relations to the Turkish rule. There were 18 bishops (metropolitans) from different Montenegrin tribes over the period from 1496 to 1697⁵⁰.

official language (Serbo-Croatian) into the "mother tongue". It is believed that such initiatives would contribute to the development of Montenegrin "multicultural identity".

Historical roots of multiculturalism in Montenegro

Montenegro has developed on the crossroads of two civilizations (East and West), under the influence of great empires and states (Greek, Roman, Byzantine, Venetian, Ottoman, Habsburg, and Russian) and at the intersection of great monotheistic religions and confessions (Roman-Catholic, Orthodox and Islam). The Mediterranean and its hinterland imply many different layers of civilization which have shaped a complex and diversified heritage on which modern Montenegro relies. Montenegro is a place where eastern and western cultures meet.

Some important changes happened in Montenegro during the period of Austrian influence, which opened a new page in Montenegrin-Austrian relationships⁵¹ and allowed the emergence of the first contours of the modern Montenegrin State.

During Duke Danilo's time and with Austrian recognition, the development of Montenegrin state institutions continued, as well as the formation of the army, designing the coat of arms, introducing customs duties on exports and imposing local taxes. Public revenue and expenditure accounting started, as well as the construction of roads to link certain

⁴⁹ Montenegro and Montenegrins ...160; Živko Andrijašević, A Brief History of Montenegro, 1496- 1918, Conteco, Bar, 2000, pp.11-13; Žarko Šćepanović, A Short History, pp.109-116

⁵⁰ Živko Andrijašević, A Brief History of Montenegro 1496- 1918, Conteco, Bar, 2000, pp. 24-25

⁵¹ See: Montenegro and Boka Unification 1813-1814, I-II, Historical Institute of Montenegro, the State Archive of Montenegro, Podgorica, 1998

settlements. The enforcement of the General Law of the Land in 1855 (the General Law of Danilo)⁵², composed of 95 Articles, contained special importance. The fights against tribal separatism and for tax collection were often brutal. Danilo cancelled the "General Montenegrin Assembly", reorganized the Montenegrin Palace and modernized the whole system of governance. Duke Danilo ended his nine-year reign in 1860 in Kotor, assassinated by a Montenegrin political emigrant⁵³.

The heir of Duke Danilo was King Nikola (1860-1918), the last sovereign of independent Montenegro. During his reign of almost six decades, Montenegro experienced a huge economic, political and cultural transformation and more than doubled its territory. In this period the first high school in Montenegro was established (in 1863), which started its regular work, without interruption, in 1869. This school produced teaching and advising human resources. The "Girl's Institute" was established in the same year, as the second high school, and after that, in 1875, an agricultural school in Danilovgrad was founded. The Calendar titled "Little Eagle" was printed in Cetinje from 1865 to 1870, and the first editions of newspapers were published in 1871 (under the title "Montenegro Man", later re-titled the "Voice of Montenegro Man"⁵⁴.

The internal economic status of Montenegro was actually out of proportion to the role and importance Montenegro had in foreign relations and in the liberation wars in the Balkans.

West European travel writers of that time described Montenegrins as Spartans, persons of unusual courage and warriors of tremendous qualities and high moral standards. Poems about Montenegrins were written by such great poets as Pushkin⁵⁵ and Tennyson⁵⁶. This kind of recognition has fostered the awareness of Montenegrins to regard themselves as a people with 'eternal freedom and never subjugated'.

⁵² Jovan Bojović: *The General Law of Prince Danilo*, Historical Institute of Montenegro, Titograd 1982; Vladimir Jovičević, *Danilo's Law - Magnitude of the State*, Podgorica, 1994

⁵³ See more in: Branko Pavičević, Danilo I Petrović Njegoš, the Prince of Montenegro and Hills (1851-1860), *Literary Papers*, Belgrade 1990, pp. 444 – 448

⁵⁴ Živko Andrijašević: *Montenegrin Topics - Basic Information About the Principality of Montenegro (1852-1878)*, pp/ 41- 43; *Fifty Years on the Throne of Montenegro*, Cetinje 1910, (photo edition Podgorica, 1998)

⁵⁵ *State Calendar of Montenegro for 1920*, Pariz 1920, 51, Aleksandar Pushkin: *Montenegrins and Bonaparte*, translation from Russian

⁵⁶ *Ibid*, 35, Alfred Tennyson: *Montenegro*

Liberation and the international recognition of Montenegro. After the successful liberation war (1876-1878) and international recognition, having its capital town established in Cetinje, Montenegro entered the intensive development of a modern nation state and the integration processes concentrated on international trade. From 1882-1905, a network of 450 km long roads was constructed, with transportation traffic developing from 1908. In the same year, the first railway (Bar-Virpazar) was put in operation; new companies in the wood processing, beer and tobacco industry sectors were established. The banking system developed, so the public revenues almost trebled during the time from 1903 to 1909. Concessions granted to foreign investors contributed to the economic growth of Montenegro. Between 1880 and 1907, international telegraph lines were established, and the first radio-telegraph line in the Balkans started to operate in 1904⁵⁷ between Bar and Bari

After the 1878 Congress of Berlin, Montenegro was not a state of Orthodox citizens' communities only. Citizens of Islamic and Catholic confessions emerged within its borders. Their religious rights were entirely recognized. Muslim citizens had their religious leader (the Montenegrin Mufti). The Islamic community, founded in 1878, is the oldest community of that kind in the Balkans⁵⁸.

Broader regional challenges – integration into the EU

Currently, the most significant cultural challenge for Montenegro is its future integration into the European Union. The challenges the authorities, citizens and other organizations face are a reflection of the development of a multicultural society grounded in tolerance, i.e., a society that is acceptable to the EU. Significant improvements have been reached in introducing the EU standards. The EU is the catalyst for changes in Montenegrin society, its norms, legal system, economy and standards, as well as many other aspects. The EU's influence on transparency, democratization and multiculturalism in Montenegro is invaluable.

⁵⁷ See: *Fifty Years on the Throne of Montenegro*, Cetinje 1910, (Photo Edition Podgorica, 1998), Branislav Marovič: *Nikola I and the State Economic Development – Plans and Results, The King Nikola – His Personality, Deeds and Time*, I, CANU 21 1998, pp. 557- 575

⁵⁸ Šerbo Rastoder, *Communion Policy of King Nikola 1878-1912 (Aspect Versus Moslems)*, *King Nikola – His Personality, Deeds and Time*, I, CANU 21, 1998, pp. 575-597; Šerbo Rastoder, *Historical and Methodological Framework for Researching Latest History of Religions (Communities) in Montenegro (1878-1945)*, *Historical Science and Tuition in Actual Conditions*, CANU 14, 1994, pp. 199-243

Kotor

From 1910 onward, Montenegro became a Kingdom under King Nikola's rule. At that time Montenegro had approximately 300,000 inhabitants, of which more than 80% lived in rural areas. The country was divided into ten regions. None of Montenegrin towns had more than 10,000 citizens.

Montenegro fought in the First World War together with the Allies. After the defeat of the Montenegrin and Serbian army in 1916, King Nikola and his government fled to France. Montenegro was annexed in 1918, and the manner in which Montenegro was annexed in 1918 and the memories to such unification are being reflected in



today's calls for Montenegro independence. In the centralized Kingdom of Serbs, Croats and Slovenes (the Kingdom of Yugoslavia), all Montenegrin specificities were annulled, starting from state status to religious affiliation. By 1929, Montenegro was a politically, economically, culturally, and nationally marginalized area within a centrally organized and dominated state of Serbia, where Montenegro represented only 2% of its population. In the administrative sense, a part of Montenegro was within the administrative units of the Yugoslav state – i.e., in Zeta area by 1929 or Banovina of Zeta as of 1929⁵⁹.



In the Second World War, Montenegro was occupied by the Italian army, which entered Montenegro the same day as the Kingdom of Yugoslavia capitulated (April 17, 1941). The Italian occupation lasted until 1943, and was replaced by the German occupation (1943-1945).

Between 1945 and 1991, Montenegro was one of the constituent Republics of the Socialist Federal Republic of Yugoslavia. During the conflicts caused by the break-up of the Socialist Federal Republic of Yugoslavia, Montenegro was the only former Yugoslav Republic that remained together with Serbia within the renamed Federal Republic of Yugoslavia. In April 1992, a new Constitution was enforced and a pro-Serb political elite assumed power in Montenegro. In 1997, the Montenegrin Government assumed a pro-independence position and in March 2002, with the mediation of the European Union, the Belgrade Agreement was signed, determining the end of FRY and the creation of a new State Union of Serbia and Montenegro. The Right to a Referendum on independence was suspended for three years after the adoption of the State Union Constitutional Charter in 2003.



Montenegro existed as a constituent Republic of the Federal Republic of Yugoslavia as agreed under the Protocol of 1991, whereas, since March 2002, it has been a member of the State Union of Serbia and Montenegro. This should not disguise the fact that many and almost inevitable tensions exist in the political relations between Montenegro and Serbia – stemming from historical heritage that, in many instances, passed out of living memory long ago. However, a "twin track approach" (with respect to accession arrangements and reforms) was recently signed upon the assistance by the European Union.

The cultural differences between Montenegro and the EU member states imply respect for the fundamental freedoms of its citizens and primarily to the freedom of thinking, writing, religious affiliation and the freedom to participate in cultural life. Montenegro will follow European standards in the aspects of the safety of its citizens, safety at work, health, education, information and, generally speaking, in a higher quality of life. However, as the new EU member states' experience has shown, all this comes at the cost of adopting and implementing stricter regulations and parameters intended for accession.

The first, and very important, step for Montenegro towards European integration is joining the WTO, which should be a strategic activity in the months that come. Besides the promotion of the double-track approach for Montenegro and Serbia, the WTO General Council opened the negotiation process for the full membership of Serbia and Montenegro to the WTO on February 15, 2005, both in the area of goods and services supply and in the area of intellectual property protection.

After the adoption of the favourable Feasibility Study, the way has been opened to start negotiation for the Stabilization and Association Process. The Agreement has defined general accession principles,

⁵⁹ Šerbo Rastoder: *Life Issues of Montenegro, 1918-1929*, Bar 1996

Ulcinj



As the brief historical overview has shown, one of the consequences of the complex historical development of Montenegro was the rich and various cultural heritages, within which different

civilization implications can be noticed. In the coastal area and in the areas in which Turks dominated for a long time (such as Ulcinj, Bar and partly Herceg Novi), the urban roots of earlier western influences were adapted to the needs and demands of the Orient. On the other side, other coastal cities such as Budva and Kotor were developed under the strong influences of Italy and the West (such as those of Venice Republic and Austro-Hungarian Empire) and along with the powerful influence of Orthodox background. In other words, these areas show visible footprints of all Mediterranean cultures existed there back in history, starting from Greece, Roman and Early Byzantine cultures. The Central part of Montenegro constituted the historical core of modern Montenegro, with Cetinje as its centre. That happened during the time of Turkish domination and, in culture-related sense, it transferred the strong imprint of eastern-orthodox culture rich in Renaissance influences, whereas the Bishopric of Cetinje was the centre of resistance to the Turkish authorities. The northern part of Montenegro, which joined the territory of Montenegro not until 1912, with its towns of Pljevlja, Bijelo Polje, Berane, Plav, Gusinje, developed mainly under the influence of Oriental/Ottoman culture that intermingled with the cultural heritage of Rashka and Morava.

political dialogue, regional co-operation, free movement of goods, movement of labour, establishment of legal entities, delivery of services, movement of capital, harmonization of national legislation with the *Acquis Communautaire*, enforcement of laws and market competition rules, judiciary and internal affairs and financial co-operation with the EU. The Agreement gives the signatory country the status of a potential candidate for EU membership.

In September 2004, the Government of Montenegro adopted the Communication Strategy as a mid-term framework for the dissemination of the ideas of the European integration process to the citizens of Montenegro. During 2004, a significant number of promotional activities was carried out and the Action Plan intended for the implementation of the said Communication Strategy in 2005 was developed. The Action Plan will be annually revised and re-enforced, in co-operation with all local partners, primarily with those from the NGO sector.

The pressing challenge: the status of vulnerable groups

Social exclusion and chronic poverty

Poverty in Montenegro has a multidimensional character, i.e. it is characterised by chronic poverty; sub-standard living conditions; lack of availability of basic services; lack of educational attainment, and the like. Perpetual poverty significantly complicates the process of transition, democratization and development of a multicultural society.

Poverty weakens a poor person's ability to absorb new knowledge and to be better informed. Poor people cannot buy newspapers, books or other publications. They have inadequate access to the internet and other forms of communication. Even if a book is published, it is printed in such numbers of copies that it causes both a high production cost and a high selling unit price. The film industry suffers from lack of adequate funding; musicians survive by playing in hotels, cafés and restaurants. In short, the lack of a supportive and sizeable national market for music and the arts in Montenegro has hampered development of its culture and, increasingly, reliance is placed on "Western" and imported cultural influences – which make the task of restoring Montenegrin arts and crafts even more difficult.

Rejection of "otherness" – The Phenomenon of Ethnic Distance

The Status of the Roma

There are no written documents on the arrival of the Roma in Montenegro. Historical research and archaeological evidence indicate that they first arrived "...as slaves on foreign pirate ships..." some five centuries ago in Ulcinj and Bar, and later on in Herceg Novi. The descendants of those Roma (or Egyptians as they are called in Bar) are, with rare exceptions, completely integrated and accepted by other citizens in Herceg Novi⁶⁰, Bar and Ulcinj. Contacts with different cultures, customs and ways of life of different people, and especially the long stay of Roma ancestors in particular areas, have had a significant influence on their current lifestyle. However, the Roma in Montenegro have kept the religion, culture, tradition and customs of the first Roma ancestors. The Roma population in Montenegro includes populations defining themselves as: Roma, Ashkaelia and Egyptians (RAE).

At the moment, there are three groups of Roma in Montenegro:

1) Domicile RAE and members of others sub-groups (such as Gypsies, Manushi, Rabuins, Gitans, Karakos, Siniti, Madjupi, etc)

2) RAE displaced from the former Yugoslav Republics, and

3) RAE displaced from Kosovo

There is no consensus regarding the size of the RAE population in Montenegro. Approximately 66% of Roma declare themselves as Roma, 24% declare themselves as Egyptians and some smaller numbers as Muslims, Montenegrins, Croats, Albanians and Yugoslavs. However, significant numbers of Roma declare themselves as Montenegrins, and this is why the share of the internal division within the Roma community may differ⁶¹. Official data from the 2003 Census indicate that the number of RAE is almost ten times lower than unofficial data given by Roma NGOs (2,875 vs. 19,549, as Roma NGOs reported). It is obvious that there is no reliable data about size of the Roma population in Montenegro. According to experts' estimates, the real number of Roma is some 20,000 persons, which makes them the fourth largest minority in the country after Serbs, Muslims/Bosniaks and Albanians⁶². There are also reports from Roma NGOs that a number of domicile Roma are registered as "displaced persons", as this status provides the opportunity to receive humanitarian aid. In addition, both the registry of births and the registry of deaths do not offer accurate information. NGOs claim that half of the Roma population in Montenegro do not have any identity cards. This complicates the attempts, especially by IDP Roma, to integrate into Montenegrin society or to find a job. New legislation on registration of births in Montenegro is partially solving this matter, since maternity hospitals are obliged to deliver the lists of newborns to the municipality birth registering services, so they can be registered in the registry of births, while the number of home deliveries is declining thanks to different programs (Red Cross, UNICEF, etc).

Significant cultural differences exist within particular RAE groups and subgroups, as well as among RAE and ethnic groups from the same neighbourhood. Twelve percent of Roma belong to the Orthodox religion, and 82 percent are Muslims. Over 71% of the Roma in Montenegro are under 30 years

of age⁶³. The Roma, Ashkaeli and Egyptians, both the old and the young ones, often strongly stick to their traditional customs, while in other ethnic groups the young people are "slowly forgetting traditional customs" and accept modern trends in the area of culture, and especially in music.

Box 13: The Roma Woman

From a poll conducted by the **Democratic Roma Centre**⁶⁴ much can be concluded about the Roma culture and the position of women within that culture. Roma women typically get married at a very young age. Roma girls often must leave school early while they prepare for an early marriage and begin performing their household duties. Among 850 Roma women polled, 90% got married when they were under 16 years old, 3% when they were between 16 and 20 and 7% when they were older than 20. 80% of marriages are made through mediators.

The birth rate and number of deliveries among Roma women is very high. Namely, 85% of women have five or more children, while 10% have two or three, 3% have only two children, and just 1% of Roma women have no children in their marriage. Nearly 70% of Roma women do not take part in deciding the size of their family, but rather this decision is left up to her husband and his family.

Nearly one third of Roma women do not visit doctors, while 50% of them go to doctors very rarely. Just one in ten Roma women (10%) visit doctors to seek help with 'flu or a toothache, and similarly, one in ten (10%) report to visit a gynaecologist.

Only 3% of the polled women have a permanent source of income (begging was also considered as a permanent source of income), 7% report that they are on the border of having and not having a permanent income, while 90% do not have any permanent source of income. Roma women ensure their existence by performing the dirtiest and the most unprofitable jobs, such as collecting secondary raw materials and begging. The survey shows that women's rights are not respected among the RAE population, as confirmed by the reports of 90% of the polled women.

Source: Household Survey Report #7, ISSP

⁶⁰ Balkan-European Roma Homeland, journal "Vrela" #6, subpaper "Documents", p.3. Podgorica 2001

⁶¹ Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005

⁶² Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005

⁶³ Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005

⁶⁴ Poll "Roma women on the threshold of the 21st century – yes or no?"

Beside the “first, small, but very significant steps” toward the emancipation of RAE in Montenegro, the majority of Roma, Egyptians, Ashkalies and members of the other groups of this minority, live a “specific, traditional way of life”. Their lives are characterized by very “strict”, patriarchal family relations in which “what father says may not be contradicted”. The majority live in “family communities” of over 10 members. The average size of a Roma family is 5.8, which is much larger than in the rest of the Montenegrin population (3.24), according to the Census.

Most RAE live in suburban settlements. They have chosen to settle in the central and coastal portions of Montenegro, since these spots lend themselves to a greater acceptance of their handicrafts and trade than do the northern municipalities. Furthermore, the economic situation is more favourable in central and southern parts of the Republic and, looking for income opportunities, many Roma tend to migrate there. According to a UNDP survey, 68.7% of the Roma population live in Central Montenegro, 24.8% have settled along the coast and 6.5% live in the North of the Republic⁶⁵. The vast majority of this population (88.6%) lives in towns and suburbs, and only 11.4% live in rural areas. In general, poverty and poor health of the Roma population in Montenegro are aggravated by living conditions, characterized by unsanitary settlements with minimal living standards, low quality houses and water supply, lack of bathrooms and sewage systems, and illegally built and overcrowded houses lacking basic infrastructure. About 11% of the Roma do not have access to secure housing, living in ruined houses or slums; 68%

of Roma do not have a toilet or bathroom inside the house, 18% of Roma do not have piped water inside their dwelling or in the garden/yard⁶⁶.

From an economic perspective, the RAE in Montenegro share the destiny of the Roma in the region: the economic transition has led to their increasingly aggravated position. The low level of education and low wage employment are serious drawbacks to their position in society. Additional barriers are the lack of possibilities to get credit and ownership of property. The RAE in Montenegro, in the majority of cases, live in ethnically homogenous settlements, illegally built at the edge of urban areas. Almost 58% of RAE in Montenegro are not familiar with the local language (including both IDPs and also those that are resident in Montenegro), very few have elementary education; the jobs they perform are based on self-educated skills, and not on formally gained knowledge. As a consequence, the poverty rate among the Roma in Montenegro is almost six times higher than the poverty rate among the local population.

Roma with permanent employment, have access to consumer or housing credit as do those who are registered at the Employment Fund, where, with well developed business plans, they can get credit for self-employment. There is no significant discrimination regarding this issue, and the examples of the Roma from Herceg Novi confirm that, there, the Roma have equal access. But a limiting factor is the low salaries of Roma, who can, because of that, get only minimal credit.

The Roma in Montenegro mainly live in suburban settlements so called “mahalas” characterized by many illegal and substandard buildings.

Box 14: Roma and Employment

The RAE in Montenegro mostly have low-paid jobs and very few are engaged in formal production processes. However, there are some very rare but positive examples where persons of Roma nationality, usually qualified and educated, perform other jobs. Among RAE and members of other groups, displaced from Kosovo and Metohija, there are some people who have finished high school, college, or a university diploma, but very often they are unemployed.

The RAE that live in Bar, Kotor and Herceg Novi have small businesses and have integrated into society.

Box 15: Cardboard city

Three kilometres from Nikšić, the settlement of Zvjerinjak may be found, which appeared during the period of constructing one of the greatest industries of the last century – the “Boris Kidrič” Iron and Steel Works. A settlement of about ten ground-floor houses was built for the needs of workers who began their working life in the Iron and Steel Works. From a temporary settlement, it grew into a permanent residence of about 120 families, accommodating mainly displaced persons of Roma nationality.

Source: Daily newspaper Dan, August 2004

⁶⁵ Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005

⁶⁶ Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005

Box 16: Poverty Which No One Wants to Notice: "Unofficial" Roma Settlements in Montenegro.

Around ninety people from twenty Roma families, mostly displaced from Kosovo and currently settled in the Lovanja settlement, struggle daily just to survive. Lovanja is located in the Tivat Plain (Tivatsko polje), in the territory of Kotor municipality, on the Montenegrin coast along the Adriatic Sea. The Roma of Lovanja live on the edge of a local rubbish dump in substandard housing conditions in self-made huts. The settlement does not have a supply of drinking water or an electricity supply, and is under threat of flooding in heavy rainfall. The closest medical facility is the one in the town of Kotor, around 8 km away from the settlement, and there are no public transport connections for this locality. Reportedly, the local authorities decided to relocate the settlement to a more humane environment in 1999, but nothing has happened to date.

Roma in this settlement live in extreme poverty. About one half of the settlement's inhabitants are under the age of 18, and none of the children attend school. The Lovanja Roma make their living by collecting scrap materials and from occasional manual labour paid on an hourly basis. According to data from the Secretariat for Displaced Persons in Montenegro, Lovanja is categorized as an "unofficial centre for displaced persons". Such unofficial camps vastly outnumber official camps, and provide self-made temporary shelters for the majority of the estimated 20,000 Roma IDPs from Kosovo in Montenegro.

Source: The European Roma Rights Centre (ERRC), citing Tivat-based non-governmental organization "MARGO" – the Association for the Help and Support of Marginal Society Groups, see: http://errc.org/publications/letters/2002/montenegro_jan_10_2002.shtml

Box 17: Roma in Montenegro

Today, Roma live and perform their activities (begging, for example) freely, since recently there has not been any information on the mistreatment of the Roma population. However, we have to mention an incident in Bozova Glavica, Danilovgrad, in 1995, when a Roma settlement where 65 men, women and children lived was destroyed. The reason for such action was the fact that two underage Roma boys raped a non-Roma girl from Danilovgrad. Several hundreds of citizens gathered and totally destroyed the Roma settlement. Police forces were present, but did nothing to thwart the destruction. As a consequence of the incident, a few Roma people got burnt. In the written reply to the UN Committee of March 19th 2003, the Government of Montenegro declared that they would recommend to the judiciary to accelerate processes of labour disputes of the accused Roma people, as well as that they would achieve a fair settlement regarding requests for compensation for damages due to the destruction of the settlement. Taking into account that the tragedy in Danilovgrad happened eight years ago and that Roma victims still have not received adequate compensation, the FHP and ERRC have appealed to the Prime Minister of Montenegro to personally intercede to implement international justice and adequately take care of victims.

After several years, the Government of Montenegro took the decision to pay compensation to the Roma households who had to leave their homes in Danilovgrad to the amount of one million euros. This move is assessed as the "positive exception in the whole region, done in accordance with the principles of the most democratic and the most responsible Governments". It is expected that in the near future, the Government will resolve the case of Roma workers who were fired in Danilovgrad and ejected from their working places without legal justification.

Source: Fund for Humanitarian Rights, 2003

One of the biggest concerns is education for Roma. Some 7.1% of the total Roma population have been included in the education system. The majority of them are in elementary school (85.1%); 8% are at high school, while 6.8% are attending higher educational institutions (college and faculty).

The enrolment of Majority schoolchildren in Montenegro in the age group from 10 to 15 years ranges between 83% and 100%, while the enrolment the Majority population of Montenegro reaches a steady literacy rate of 99%, while the literacy among Roma steadily decreases between the age group of 15

to 24 years, when the literacy rate reaches 73%, to the age group above 45, when the literacy rate decreases to a poor 45%. Among the Roma, the high school drop-out rate of Roma children decreases from the age of 11 (when 60% of Roma schoolchildren are enrolled) to 8% of Roma children at the age of 15 that attend school. The share of people older than 12, who spend more than four years in school, is only 34% for Roma. Literacy among and the poor school attendance record is ascribed to the lack of the material means necessary for covering education expenses (50%); 8% said that marriage was the main reason for giving up education. Other reasons are the language barrier (most significant), the need to work for income, or interviewed persons found a job. 66% of Roma are educated in schools where the ethnic affiliation of the majority of schoolmates is non-Roma⁶⁷. 80%⁶⁸ of the total number of children that attend "special schools" are Roma children. The reason for that are unsatisfactory results in qualification tests for enrolment in elementary schools.

Displaced Persons In Montenegro

The Refugee issue is a direct consequence of the wars. Although it managed to avoid conflicts on its territory, Montenegro significantly suffered from the consequences of the war in the former Yugoslavia. The first large wave of refugees came over the border from Bosnia in 1992. Between 1992 and 1999 the number of displaced persons (including refugees from former Yugoslav Republics and displaced persons from Kosovo), grew to up to 120,000. Recent figures have shown that there are around 26,500 displaced persons still living in Montenegro, or 4.3% of the total domiciled population. According to the official data, there are 8,474 of refugees and 18,047 internally displaced persons⁶⁹.

In the beginning, a huge number of refugees were accommodated in private accommodation, with friends or relatives, or in temporary centres. As time passed⁷⁰, family settlements and collective centres were built. The living standards of most

of the refugees and especially the RAE population is significantly below that of the local inhabitants. The poverty rate among the RAE population is almost 6 times higher than among other displaced persons, and 4 times higher than the poverty rate of domiciled citizens.

Almost 80% of the refugees (from Bosnia and Herzegovina and Croatia) are Serbs; 8.6% Montenegrins; 3.1% are Croatians; 3.1% are Muslims, while others are Bosniaks or members of other nationalities. The displaced persons of Montenegrin nationality are mostly present in the central area. Refugees of Serbian nationality settled mainly in the southern part of the Republic. Displaced persons of Muslim nationality are settled evenly, while Croats settled mainly in the coastal part of the Republic. Among the newcomers from Kosovo and Metohija (internally displaced persons), most numerous are Montenegrins (32.2%), then Serbs (25%); Roma and Egyptians (17.3% and 8.7%, respectively - 26% in total); Muslims (10.2%); Bosniaks (1.8%); Albanians (2.6%) and others (2.1%)⁷¹. Only 7% of the Roma IDPs from Kosovo are considering a possible return, 42% have decided to remain in Montenegro, and 51% intend to pursue their future, legally or illegally, in other European countries⁷².

During their long stay in Montenegro, a significant number of displaced persons have managed to solve their housing problems and the number of those settled in collective centres has significantly decreased: about 20% of refugees and about 23% of internally displaced persons are still in shelters (collective centres and family settlements).

Vulnerability of RAE, refugees and IDPs⁷³

A comparison of social-economic indicators leads to the conclusion that the displaced persons and RAE in Montenegro have significantly lower living standards than Montenegrin inhabitants. The poverty rate among RAE is 60%; it is 48% among refugees and 40% among internally displaced persons. These groups represent 27.5% of the total poor population in Montenegro; 72.5% of poor people in Montenegro are members of the

⁶⁷ Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005.

⁶⁸ Status of Roma in Serbia and Montenegro in comparisons to Roma in Central and East Europe.

⁶⁹ Source: Strategy for Resolving the Issues of Refugees and Internally Displaced Persons in Montenegro, April 2005

⁷⁰ In opposite to collective centres which are built or pre-existing structures such as hotels and schools have been turned into collective centres and serve only as temporarily accommodation, family settlements are newly built, usually buildings, to accommodate both refugees and internally displaced persons, as well as local vulnerable population, and resolve their housing problems permanently.

⁷¹ Source: Commissariat for Displaced Persons of Republic of Montenegro.

⁷² Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005.

⁷³ For the purposes of this analysis, all RAE population despite their origin (displaced or domicile) have been counted as one group.

⁷⁴ RAE, refugees and interly displaced persons Household Survey, ISSP & UNDP, 2003

domicile population⁷⁴. Almost 5% of the citizens in Montenegro live in households whose total costs are under the value of the minimum consumption basket. This indicator is greater among the RAE (24.6%). If internationally recognized poverty line is applied, poverty rate among Roma reaches 40%⁷⁵.

In the Table below, the different indicators of

poverty support the multi-dimensional concept of poverty. Households which are not poor in regard to consumption may have difficulties with usage of health and education institutions, which places them "under the line". If we use these indicators, the marginalized populations (RAE, refugees and internally displaced persons) are even poorer than indicators of poverty defined by household consumption show.

Table 10: Multidimensional Poverty Indicators – Selected Groups

Indicators	% of the population	Regular population	RAE	Refugees	IDPs
Consumption poverty	12.2	9.6	52.3	38.8	38.6
absolute poverty	33.7	30.4	75.6	68.9	73.2
economically vulnerable					
Education poverty	17.2	4.7	70.0	29.3	8.0
16-24 years: not in school and did not attend secondary school					
Health poverty	6.1	6.2	9.3	3.3	3.2
any illness/injury in last 30 days that precluded usual activities or disabled					
Employment poverty	17.4	15.8	33.7	42.3	31.6
ages 16-65: not working but ready to work if given a job opportunity					
Housing poverty	18.6	16.0	74.7	28.5	39.9
drinking source for dwelling is not piped water (ex: pump well) or dwelling has no bathroom					
Dwelling has less than 10m ² per person	11.3	6.9	85.8	54.5	50.1

Source: ISSP/UNDP Household Survey, 2003.

Sustainable approaches for the challenges of vulnerable groups

The Government of Montenegro has approved the National Strategy for durable solutions for refugees and internally displaced persons in Montenegro. This Strategy offers three possibilities to displaced persons: (i) repatriation, (ii) local integration, and (iii) departure to a third country. These solutions are feasible depending on the security issues current in the countries of origin of the displaced persons living in Montenegro, the economic resources available and the choice of those with refugee status.

VULNERABLE GROUPS AND MILLENNIUM DEVELOPMENT GOALS

The Millennium Development Goals (MDGs) bind countries in the fight against poverty, illiteracy, hunger, lack of education, gender inequality, child and maternal mortality, disease and environmental degradation as well as to create a global development partnership. The essential linkages between

the MDGs and the topic of multiculturalism lies not in the specific goals but in the wide-ranging attention to the basic principles of a development paradigm that address the major social and economic issues of all citizens and of the poorest and most excluded. This encompasses also the deprived minorities, including the RAE.

The strategy and policies for the realization of the MDGs in Montenegro has to take into consideration that there are variations between regions, with the northern region being the most jeopardized with respect to the standard of living and the quality of life. Besides this difference, variations among indicators concerning different ethnic and other groups, such as Roma, Ashkaelia and Egyptians (RAE), refugees and internally displaced persons, are also significant. These fluctuations are particularly emphasized in the first goal concerning poverty and hunger eradication, but they are discernible in the other goals and sub-goals concerning health and primary education.

The table below shows some of the data connected with MDG indicators, relating to certain groups (domicile population, RAE, refugees or internally displaced persons).

⁷⁵ Vulnerability profiles of Roma population in Decade of Roma Inclusion countries, UNDP, 2004-2005.

Box 18: Local Integration of Refugees and IDPs

Recently completed surveys on refugees and IDPs, local government and local communities, have shown that displaced persons in Montenegro share the same problems as the domiciled population. Among others, the most frequently mentioned problem is lack of employment and income-generating activities. According to the survey data, discrimination in employing opportunities has been recognized, however not significantly. One in ten refugees and 6.7% of IDPs had problems in approaching health practitioners, while they felt most equal towards the residents in participating in education processes.

An additional problem for IDPs is that, in order to get regularly employed, they need to de-register from their previous residence in Kosovo and register in Montenegro. According to Montenegrin regulations, displaced persons should follow the same procedures as non-residents which increase the costs of their employment for an employer. However, this legislation was not intended to hurt displaced persons in Montenegro, but to force employers to hire Montenegrins and consequently reduce the unemployment rate, as well as to shrink part of the grey economy.

Among the refugees, the majority are interested in local integration (55%), one fourth prefer moving to a third country, while two in ten respondents declared that they preferred to return to their country of origin. Unhappy with living standards in Montenegro, and too insecure to go back to Kosovo, the majority of IDPs prefer moving to a third country (more than 50%); 26% would like to return, while 22.5% chose Montenegro the a place for their future.

Source: Survey on Refugees and IDPs, September 2004, American Refugee Council & ISSP

Table 11. MDG indicators by population groups: 2003

	Domicile population	RAE	Refugees	Internally displaced persons
Population	617,740	8,474 ⁷⁶	13,303	18,259
Percentage of women in population	44.4% ⁷⁷	48%	54.5%	52.1%
Percentage of population between 18 and 60 years (work force)	65%	41.7%	70.0%	59.6%
Percentage of population older than 60	12.2%	4%	8%	11.3%
Average age of population (in years)	35.75	21.6	31.9	28.4
Percentage of households that has temporarily or long-time employed members	-	25.9%	57.6%	47.7%
Percentage of children younger than 5 years	4.2%	51%	15.8%	-
Percentage of those that suffered from some illness in last year	-	24.9%	19.4%	16.8%
Percentage of those that suffered from some kind of disability	4.3%	4.2%	4%	2.2%
Percentage of those having no education, among those that finished their education	7.5%	63.1%	10.4%	4.7%
Percentage of those working or were involved in some kind of activity for money or goods compensation, during last week.	43%	10.8%	26.8%	24.3%
Average net income (€)	229.0	144.2	182.7	201.1
Unemployment rate	27.4%	43.3%	32.5%	30.4%
Percentage of households that receive social protection	10,351 households	7.8%	0% ⁷⁸	0% ⁷⁹
Percentage of population below poverty line	9.4%	52.3%	38.8%	38.6%
Economic jeopardized population	36.4%	75.6%	68.9%	73.2%
Food and beverages consumption (average in €, per household on monthly basis)	455.4	370.1	262.8	267.3
Healthcare (average, in €, per household on monthly basis)	8.5	7.1	6.5	4.0
Education expenditures (average, in €)	9.7	3.4	4.0	4.0
Average number of household members	3.8	5.8	3.9	3.5

Source: ISSP, WBO - Living standards and poverty in Montenegro, 2002; ISSP, UNDP – Household survey of Roma, Ashkaelia and Egyptians (RAE), refugees and internally displaced persons, 2003; ISSP – Household Budget Surveys, No 2 to No 6.

⁷⁶ Among them, 6,600 are internally displaced persons.

⁷⁷ According to aggregate data from Household Surveys number 2 to 6

⁷⁸ Do not have the right to receive social protection

⁷⁹ Do not have the right to receive social protection

POLICY AND ACTION REQUIRED TO ACHIEVE THE MDGS IN MONTENEGRO

Goal 1. To eradicate extreme poverty and hunger.

The policies that are recommended for reaching this goal refer to better social insurance, improvement of approaches to basic health protection, adequate protection for jeopardized groups, improvement in employment policy, and special care for children in poor families (that can be linked to the National Plan of Action for Children in Montenegro, done in co-operation with UNICEF). Special attention has to be paid to poverty among the RAE population, refugees and internally displaced persons as well as to poverty across different regions. Regional variations reflecting the poverty rate among certain population groups, such as displaced and domicile populations, are shown in the table below.

Table 12. Poverty rates for certain population groups by regions

Poverty rate (%)		North	Centre	South
	Domicile population	14.9	6.5	6.8
RAE	77.6	39.4	82.5	
Refugees	30.0	62.4	27.3	
Internally displaced persons	51.1	50.4	13.8	
From total number of poor (%)	Domicile population	54.0	30.5	15.5
	RAE	9.7	52.3	38.0
	Refugees	10.4	51.1	38.5
	Internally displaced persons	51.6	36.6	11.8

Source: ISSP, WBO - Living standards and poverty in Montenegro, 2002; ISSP, UNDP - Household survey of Roma, Ashkaelia and Egyptians (RAE), refugees and internally displaced persons, 2003

Note: The Poverty rate shows the percentage of population that has monthly per capita expenditure below the absolute poverty line.

The northern region is the most jeopardized concerning the domicile population with 14.9% recorded as poor (below the poverty line), whereas, in fact, the northern region accounts for 54% of the total number of poor in Montenegro. However, for the RAE population, the highest poverty rate is in the southern region, while most of the poor RAE (more than half) live in the central region. The biggest poverty rate for refugees is in the central region, while the poverty rate for internally displaced persons is almost the same in the central and north regions.

Concerning the medium estimate of growth in GDP per capita by 2015 (4.3%), it will be sufficient to reduce the average poverty level to fewer than 5% (PPP values), but the Poverty Gap Ratio (poorest in population) may not change measurably. This stresses the importance of paying attention to the poorest regions and the poorest communities over the medium term to achieve Goal 1 of the MDGs.

Goal 2. Achieve universal primary education. As for the activities related to this goal, it is most important to provide higher quality elementary education and to improve enrolment possibilities for all children, and especially for children from poor families and regions, including ethnic minorities.

RAE families have relatively high birth rates, but a low proportion of children attending school. The RAE illiteracy rate is 76%. Gross enrolment rate of RAE nationality pupils in 2004 was 48%. The inclusion of RAE children in the educational system is very low (net enrolment rate is about 25%) and it is problematic due to illiteracy and problems of poverty, lack of facilities and inadequately trained teaching staff. Almost all of the Majority schoolchildren in Montenegro in the age group between 10 to 15 years are enrolled, whereas the enrolment rate of Roma children at the age of 15 decreases to a poor 8%. The majority of Roma children attending elementary, secondary or college education are enrolled with schoolmates from another ethnicity. The literacy of the Majority population in Montenegro is about 99%, while the literacy among Roma steadily decreases from 73% (age group between 15 and 24 years) to 45% (age group above 45). The percentage of RAE children that have finished primary education is only 16% (compared to 98% from the domicile population). The net enrolment rate for children of refugees and IDPs is high (93.6%), but still they need special attention due to their relatively high poverty and poor educational infrastructure.

Education of children with special needs is in the process of reform, as a part of the wider education reform agenda. One of the main tasks of this

reform is to have a system of strong co-operation between the health, social welfare and education sectors. It is estimated that about 500 children in Montenegro have special needs and could be integrated into the education system through special individualized curricula in regular schools and through special institutions that care for children with special needs.

The protection of the education sector in the government budget⁸⁰ will ensure that the existing high levels of education attainment will be maintained, but closer attention to the quality standards of the basic educational system will now be required.

Goal 3. Promote gender equality and empower women. This goal is designed to ensure equal access to educational institutions for all boys and girls, at the same time improving access for women to the Government and economy. Activities that are planned under the MDGs refer to the prevention of abuse, neglect and exploitation of women, promotion of women rights, encouragement of political representation of women both in central and in local government, support for voluntary women's groups etc.

According to the Montenegrin PRSP, the ratio of girls to boys in primary, secondary and tertiary education is 107 (the proportion of girls to boys for total population is 103). The share of women working in the non-agricultural sector is 41.6% (the goal here is for this indicator to reach 50%), but the proportion of women in Parliament is only 10.3%. The problem of gender equality in Montenegro cannot be adequately quantified in terms of statistics alone. The conclusions that can be drawn based on certain statistical data, facts presented in the media, NGO experience, and some surveys have shown that there is a high rate of gender discrimination against women in traditional inheritance practices, there is gender discrimination in terms of career opportunity where women, in most cases, hold lower-paid jobs and are poorly represented in jobs that are at the decision-making level.

Violence against women, whether physical or mental, represents another easily recognizable problem. According to the most recent survey of the Government Office for Gender Equality, 12% of women reported that they are physically

abused in their own homes and 4% of them did not want to give any comment to this question. In Montenegro, women appear to tolerate domestic violence because they are economically dependent on men and, to some degree, domestic violence is a culturally determined phenomenon unrelated to income or social status.

REA women are faced with double discrimination – firstly, as members of a marginalized minority and then as women in a patriarchal community. Roma customs mean that many women are sold to husbands, or escape with them at an early age and give birth to many children. She is also expected to be the breadwinner, but receives little recognition for this economic role in her family. Women's lack of economic bargaining power is made worse by gender-based violence.

Goal 4. Reduce child mortality. Here, the related activities anticipate both better access to primary healthcare for all children, special care for children from vulnerable groups, such as poor groups, and improvements in the quality of primary healthcare services at the local level. The Infant Mortality Rate (IMR) in Montenegro in 2002 was 14.7, whereas for children under five years it was 15.7. On the other hand, the proportion of children immunized against measles is 89% (the same as for paralysis and DTP immunization, while the percentage of children immunized against tuberculosis was larger, i.e., 95%). Data for REA children does not exist, but it is well known that immunization of these children is very low and inadequate.

Goal 5. Improve maternal health. The improvements in primary health services will impact on maternal health through greater accessibility to qualitative primary health protection, integration of expectant mothers' health and safe motherhood care, as well as through prevention of mother and child neglect and raising attention to women's rights. The Maternal Mortality Ratio (22.6 per 100,000 live born children in 2000) is at a satisfactory level – and the same can be said for the proportion of births attended by skilled personnel - and it conforms to international standards.

Goal 6. Combat HIV/AIDS, and other transmitted diseases . In Montenegro, since the first case of HIV in 1989 until September 2004, there were 54 infected HIV/AIDS people of whom 22 have died. In 2004, there were 12 infected HIV persons and 20 more that have AIDS, according to official statistics. However unofficial estimates are that this number could be 10 to 15 times larger.

⁸⁰ Public education expenditures amounted to 5.5% of GNP in 2003, and represents 18.9% of total government spending.

The majority of these people are in Podgorica. Special attention will have to be paid to the HIV/AIDS pandemic while creating health and social services budgets, and to a closer matching of the demand and supply side of appropriate healthcare and services provision.

Goal 7. Ensure environmental sustainability.

The main areas of action are the development of an environmental policy based on Sustainable Development principles, improvement in forest and land management, reform in the area of water and energy supply, construction of drinking water supply systems in the poorest communities, improvement of sanitary systems in rural communities and the like.

Table 13 shows some indicators of environmental sustainability for certain groups of population.

Table 13. Some indicators of environmental sustainability

	Domicile population	RAE	Refugees	Internally displaced persons
Percentage of households that do not have water installation in house/apartment	8.4%	45.4%	12%	12.2%
Percentage of households that do not have toilet in house/apartment	5.9%	68.4%	30.1%	24%
Percentage of population connected with the main sewerage system	39%			

Source: ISSP, WBO - Living standards and poverty in Montenegro, 2002; ISSP, UNDP – Household survey of Roma, Ashkaelia and Egyptians (RAE), refugees and internally displaced persons, 2003; ISSP – Household Budget Surveys, No 2 to No 6.

Goal 8. Develop a global partnership for development.

This goal calls on rich countries to free poor countries from or to relieve their debts, increase aid and give poor countries fair access to their markets and their technology with a view to creating a global development partnership. These objectives have recently been reinforced by the UN Millennium Project statements which call for renewed efforts in this global and national partnership.

The Millennium Project articulates the global framework for the implementation of the MDGs - the policy frame, the costs, finances and the capacity

requirements for their achievement. This can be translated into action through the Government’s own development strategy – the PRSP and its successor strategies.

Actions that have been planned under the Montenegro MDG Project will focus on improved governance systems at the central and local levels. This includes building capacities to comply with international and EU standards, strengthening employment based on macro-economic policy and development strategy, strengthening the legal framework for the transition to a modern economic system based on the rule of law, support for international protocols and treaties based on global development partnerships, promoting human rights through a strengthened rule of law and enhancing equal access to the instruments of justice.

Chapter 4: Possible solutions in multicultural setting

The basis of multiculturalism in Montenegro is a global vision of social and cultural development as a modern community of citizens. Today, a modern democratic community should be a road to integration with the international community. It enables integration at all levels: individual, ethno-cultural, state, regional and community levels. Unless Montenegro has clear and precise social and national (subjective) goals explaining the position of different cultures, especially national minorities, it will be much more difficult to develop clear and responsible relations with other countries and develop an appropriate system of integration with our neighbours in the Balkans, in Europe or elsewhere.

Institutional framework for managing diversity and multiculturalism in Montenegro

Montenegrin cultural policy should be based on the multicultural structure of Montenegro and only in that case can the assumption of its democratic and stable development be widely accepted. This is underpinned by the Constitution of Montenegro as a modern community of citizens in which freedoms of individuals, nationality, scientific and cultural development, and social justice are the bases for the adoption of moral values. None of these elements is a goal in itself; on the contrary, they are all independent and must be developed

jointly and linked to the concept of a democratic society which does not provoke inter-ethnic or inter-cultural conflicts.

Without exaggeration, it can be said that a cultural policy based on the abovementioned elements of multiculturalism is the main road to emancipation and the development of responsible Montenegrin citizens within a modern national state. This will be the starting point for the international recognition of Montenegro. The historical heritage of atolerant and multicultural society is a necessary – but not sufficient – precondition for sustainable diversity management in a multicultural setting. Today, specific international treaties and instruments are also necessary to utilize the potentials of multiculturalism.

Consensus-based policies

The concept of Montenegro as a modern community of citizens will prove successful only if it “produces” “good” citizens through its institutions, including the educational system (especially for its youth), cultural structures, confessional (religious) structures, and all rural, urban and regional structures (public and private and non-governmental sectors). Thus, it is possible to develop a unique and stable Montenegro as a political community which would preserve and develop ethno-cultural identity of all cultural groups according to democratic principles. This would also simplify the process of European integration. It is known that democratic principles also include the protection of ethno-cultural and national minorities.

The relationship between multiculturalism and cultural policy in Montenegro requires the specifying of cultural policy tasks within the following processes:

- Identifying the situation of the culture;
- Identifying cultural standards and cultural needs;
- Evaluation of the work of institutions dealing with culture and their programmes;
- Monitoring and improving mechanisms of financing the system of culture;
- Encouraging cultural creation;
- Educating human resources for cultural activities;
- Democratization of cultural life;
- Protection of cultural heritage;
- Creating conditions for new forms of cultural expression;
- Multicultural co-operation.

The analytical description of the cultural situation should examine the standards in the following areas: material conditions for cultural life of all communities, number and quality of equipment of cultural institutions, publishing activity, bookshops, theaters, museums, galleries, cinematography, educational and media institutions, youth cultural centres, other related institutions.

Cultural needs are identified based on the proportion between the citizens’ demands and a specific cultural content. There are two possible models – the socially oriented model and a pure market model. Within the first one, cultural policy is based on the consideration that society culturally defines and ensures its own identity, so that it is obliged to provide the most efficient flow of cultural contents possible and as favourable as possible conditions for their creation, and opportunities for them to be accepted. The market model in the cultural policy evaluates cultural contents as consumable goods subjected to market principles. The market model, with its pragmatism, neglects the humanistic aspect of culture, and in the presence of market drawbacks (e.g. monopolies and/or asymmetrical information), it may create false needs and thereby devalue the progressive nature of culture.

A cultural policy based on the principles of democracy should be a reasonable compromise between the two abovementioned extremes. It should create prerequisites for:

- mass participation of its citizens in cultural life;
- free expression of cultural differences;
- maximum tolerance of all initiatives;
- promotion of cultural dialogue among all ethnic cultures in the society, contributing to the cultural development of each participant and each culture.

Multicultural commonness should be understood as a simple sum of two or more cultures in one society. A more precise description of current trends in a modern society would be “intercultural commonness”. Intercultural commonness represents increasing penetration of one or more cultures into all processes and activities of social life and production in a community or society.

Multiculturalism in Montenegro, as a basis of social policy, has been operationalized in the form of interculturalism, which means close co-operation between citizens who are members of different ethnic groups and the interplay between

their cultures in everyday life, education, science and art. Consequently, for the successful realization of societal goals, each community must play a meaningful and positive role if it wishes to maximize the dynamics of and benefits from interculturalism (and intercultural commonness). Therefore, all communities in Montenegro – the Montenegrins, the Serbs, the Bosniaks-Muslims, the Albanians, the Croatians, the Roma and the others play important roles based on citizenship links and the principles of participatory democracy. Thus, cultural policy identification in Montenegro should be based on the complete map of possible positive cultural expressions. It consists of a combination of related global and national visions of social and cultural development, complementary cultural needs, different cultural standards and cultural situations of ethno-cultural and religious structures in Montenegrin society.

Constitutional arrangements

In consideration of the multi-ethnic, multicultural and multi-confessional structure, the Montenegrin Constitution separately defines the “rights of national and ethnic groups” (Article 67 to Article 76).

Within these rights, it is important to highlight the following aspects:

- **PROTECTION OF IDENTITY:** “The protection of the national, ethnic, cultural, linguistic and religious identity of the members of national and ethnic groups shall be guaranteed. Protection of rights of members of national and ethnic groups shall be exercised in accordance with the international protection of human and civic rights.”
- **LANGUAGE, ALPHABET, EDUCATION AND INFORMATION** “Members of the national and ethnic groups shall have the right to free use of their mother tongue and alphabet, the right to education and the right to information in their mother tongue.”
- **REPRESENTATION** “Members of the national and ethnic groups shall be guaranteed the right to proportional representation in public services, state authorities and in local government.”

A natural combination of ethnicity and citizenship has been ensured through the following two components, not only at the individual level but also at the level of communities and ethnic groups.

Minorities in Montenegro are guaranteed (a) the

preservation of their ethno-cultural identity on the basis of interculturalism (see earlier discussion) in which the culture in Montenegro is determined by the interaction of various local communities, which sounds more democratic and (b) preserving the principles of the national state and territorial integrity. The issue of political representation in the representative bodies according to ethnic affiliation is treated separately.

The Agreement on Minimum Principles for Development of the Democratic Infrastructure in Montenegro, signed by all political parties, is nearly unique in its value and importance. This agreement is very important in that the signatories of the Agreement are “convinced that further reforms are an important condition for the establishment of Montenegro as an open democratic society”. Even more important is the fact that the representatives of the Montenegrins, the Serbs, the Muslims, the Albanians and the other groups have defined a modern and progressive model that will “by its actions assert the spirit of tolerance, compromise, respect for differences and dialogue as a method for solving all social and political issues, and consider that to be a permanent task”. Further preparation and administration of parliamentary elections, drafting of new laws, development of systems of human and civil rights protection and attainment of ethnic and confessional harmony are to be based on these grounds, all this with the goal of securing “permanent stability and firm democracy in Montenegro”.

Minorities and their participation

A minority can be defined as an “institutionalized, non-dominant group having a specific cultural identity which it wishes to preserve”. This definition goes beyond racial or ethnic criteria and defines a minority in terms of common cultural characteristics. Domestic law has to develop a higher level of awareness of the justification for minority protection based on civil rights. Positive discrimination, in the usual sense, does not try to preserve or support the cultural identity of minority groups. Unfortunately, self-determination is not necessarily a guarantee for minority culture protection. The creation of new states and new borders may leave minorities inside such new entities. However, the rules of international law relating to the protection of minorities give some hope.

Minority rights protection

Minority protection includes all methods of protection, preserving, and promoting of minority cultures. A necessary precondition is respect for human rights. Other methods are the promotion of dialogue in conflict, including minorities; intensifying support given to the activities of NGOs which represent or co-operate with minorities; constitutional rules that recognize the status of minorities, the structures of participation of minorities at national and international decision-making levels – such as the United Nations and the EU Parliament.

All international organizations and the international community have a great interest in the issues of human rights, minority rights and cultures, including the preservation of minority languages. From 1950 onwards, the United Nations has been a mediator in the development of international law relating to human rights and rights based on international

Box 19: European institutions and minority rights

With regard to the European Union accession process, the documents are related to social inclusion, cultural and economic rights are the following: the Charter of Fundamental Rights of the European Union (2000), the European Initiative for Democracy and Human Rights (EIDHR) and the Stability Pact for Southeast Europe (June 1999). The social inclusion concept, developed in Europe during the 1980s and 1990s, has become a central issue of social policy in many countries and an instrument to fight against social exclusion. Three major issues of the process were: the redistribution and reduction of poverty; the labour market; and the behaviour of the poor. Since 2001, all EU member states have been required to prepare national policies for social inclusion including the three key issues.

The Council of Europe, apart from activities related to human rights also takes care of the protection of regional and minority languages. Through its Office of the High Commissioner for National Minorities, OSCE is closely involved in protecting minorities in conflict situations. The Office of the OSCE High Commissioner gives priority to the preservation of peace, but in practice it has also significantly supported and protected minority cultures.

Box 20: Constitution of the RoM (Article 9 Paragraph 3) prescribes that in municipalities in which a majority or a substantial part of the population consists of national and ethnic groups, their respective languages and alphabets are in official use.

The main provisions on human rights and the protection of minorities are:

Article 15 – Citizens' equality and freedom regardless of any particularity or personal attribute.

Article 17 - Everyone is entitled to equal protection of his freedoms and rights in the procedure prescribed by law.

Article 34 – Freedom of thought and public expression of opinion, freedom of confession, public or private profession of religion, and freedom to express national affiliation, culture and freedom to use one's own language and alphabet.

Article 43 – Non-discrimination on the grounds of nationality, race, religion or other inequality, as well as fomenting of national, racial, religious or other hatred or intolerance.

Article 67-76 – Special rights of national and ethnic groups include identity protection, the right to use language, communication, education and information, display symbols, the establishment and associate in educational, cultural and religious associations with the assistance of the Government.

agreements covering almost all aspects of human existence.

It is necessary to develop an international approach to the protection of minorities that will combine peace, human dignity and culture. That approach could be developed through international bodies for human rights protection and the strong role of the International Court of Justice.

The protection of minority rights in Montenegro is regulated by the Agreement on Minimum Principles for Development of the Democratic Infrastructure in the Republic of Montenegro (September 6, 1997), the Conclusions of the Parliament of Montenegro on Minorities (September 11, 2002), and admission of Serbia and Montenegro to the Council of Europe (April 3, 2003) and by the Constitution of Montenegro. (See Box below)

Human and minority rights and citizens' freedoms are regulated by Article 9 of the Constitutional Charter of Serbia & Montenegro. The State Union Minister for Human and Minority Rights is obliged to monitor the realization of human and minority rights and coordinate work on the implementation of and compliance with international conventions and rights regulated by Article 17 of the Charter. In April 2004, the Ministry for National Minorities and Ethnic Groups of GoM published a Draft Law on the Exercising of Rights and Freedoms of National and Ethnic Minorities in Montenegro.

The participation of people who are members of national minorities in all aspects of public life is an important condition for their integration into society. The rights of minorities to participate in decision-making processes are regulated by the Constitutional Charter of Serbia and Montenegro and Montenegrin legislation. Further amendments to the Law have been included in its draft which provides for direct representation of minorities in Montenegro, proportional representation in the Parliament and the right to participate in making and proposing of decisions of state authorities which are of interest for the realization of national minority rights according to the Law (Article 30).

The procedure regulating the participation of national minorities in public services, government and local government (Article 29) is not precise enough. According to EU standards, an appropriate solution should prescribe that the number of members of national minorities employed in public institutions is proportional to their presence in society.

The greatest challenge in the future will be the implementation of the Law as it is proposed, as well as the improvement of social tolerance and cohesion that would enable a more effective implementation of guaranteed rights.

Participation and political representation

No legal barriers are preventing cultural representation of minorities in Montenegro, but greater efforts are needed to intensify minority participation in all spheres. It is very important that all citizens of Montenegro feel equal and that each individual has equal right to express his/her views and, in that way, influence the maturing and development of a democratic society.

A major challenge for each society aiming to build a multicultural democracy is to ensure the political

participation of different cultural groups in state authorities (legislature, executive and judiciary). Two main aspects of political participation in Montenegro are the participation of different national groups and the participation of women.

One aspect refers to the political participation of various national groups. Recognizing the need for mechanisms which will enable the participation of national minorities in the electoral system, Montenegro promotes affirmative action to ensure the participation of national minorities in the election procedure prescribed by the Law on the Election of Councillors and Representatives in the Parliament. This Law prescribes that there is a single electoral constituency in the Republic of Montenegro, in addition to "sub-constituencies", that consists of 4 seats allocated on the basis of the votes cast at polling stations established by a special decision of the Republic Parliament. These polling stations are located in Albanian communities, i.e. communities in which Albanians are a majority according to the electoral register.

Positive discrimination in favour of the Albanian minority is also present in the procedure of approving and proposing election lists. The election list for the election of councillors (representatives at the municipal level) and/or representatives in the Parliament, is approved if at least 1% of the constituents in an electoral unit supports it. The exceptions to this rule are political parties or groups of citizens representing Albanians in Montenegro, namely, the election list of councillors is approved if it is supported by at least 200 signatures of constituents or, for the election of representatives in the Parliament, if it is supported by at least 1000 signatures of constituents. The Law prescribes that the election list should propose at least 2/3 of the total number of candidates that should be elected, while for parties that represent the Albanians this limit is 1/3.

EU standards prescribe that a percentage of seats in the Parliament be reserved for minorities, equal to the percentage of their participation in the total population.

Another important aspect of national minority participation is that they are included in executive power. In 2002, the Ministry for National Minorities and Ethnic Groups was established within the Montenegrin Government. This Ministry monitors the rights of national minorities and ethnic groups in the area of their national, ethnic, cultural, linguistic and religious identity, and works on further

improvement of relations between national and ethnic groups and their tolerance of each other in Montenegro. Members of different national and ethnic groups may, without any discrimination and in compliance with general conditions, work in state institutions at the Republic and municipal levels. Members of national and ethnic groups can apply for any position in the executive power at the Republic and local levels. In municipalities which are predominantly populated by members of national or ethnic groups, the structure of councillors and staff in local government should correspond to the ethnic structure in such a municipality.

Box 21: OSCE Report on 2002 Parliamentary Elections

The participation and integration of national minorities in Montenegro into the Republic's electoral and political processes has generally been positive so far. There are several political parties representing interests of minority national communities, including three from the Albanian community and eight from the Bosniak community, all of which participated in the parliamentary elections. The Croatian Civic Initiative also took part in the Tivat municipal elections. Many members of minority communities also support and are represented in mainstream parties, such as DPS (Democratic Party of Socialists), SDP (Social Democratic Party) and LSCG (Liberal Alliance of Montenegro). However, the recent steps taken to reduce the number of seats allocated based on votes cast at specially designated polling stations have highlighted inconsistencies in the system to ensure representation of national minorities in the Parliament. ***The current system is limited in that it ensures only representation of the Albanian communities and does not include any other minority in Montenegro, such as the Bosniak community and the Roma.*** Furthermore, while there is a system of positive discrimination at the Republic level, there is none in municipalities with minority communities. This led to non-participation of Albanian political parties in the Podgorica municipal elections despite the fact that there are 23 specially designated polling stations in this municipality. The EOM also noted that the provision of bilingual election materials – in Serbian and Albanian – was made available only at the specially designated polling stations and not in all areas with Albanian communities.

Box 22: Participation of national and ethnic minorities in local government – What do the figures say?

In 2003, the Bosniaks/Muslims participated with 35.5% in the local government in Bijelo Polje. In municipality of Plav, the Bosniaks/Muslims participate with 72.4% in local government while participation of the Albanians is 13.8%. In the structure of staff in the municipality of Ulcinj, the Albanians participate with 81.6%, while the Bosniaks' participation is 16.6%. In the municipality of Tivat, participation of the Croat minority is 44.4%.

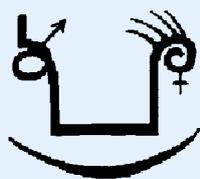
The political participation of women

The proportion of women in the total population is higher than that of men. Yet, the ratio of women in the political life of Montenegro is not the same.

Women in Montenegro were given the right to vote and stand for elections in 1946. In the same year, the first woman was elected a Member of Parliament. More precisely, in that year, three women were elected Members of the Parliament, which represented 2.8% of the total number of MPs. The number of women representatives in the Montenegrin Parliament has changed over the years and reached its highest level in 1963, when women accounted for 15.3% of MPs. In 2001, for the first time in Montenegro, the position of the President of the Montenegrin Parliament was occupied by a woman. Today, eight (10.67%) out of the seventy-five MPs are women. In Montenegro, there is no formal legislation to ensure a minimum participation of women as candidates in electoral process. There are non-binding agreements between political parties on the participation of women on the lists of candidates, but they have never been applied in practice. In the most recent parliamentary elections, only 100 out of the total of 619 candidates were women, accounting for 16.2% and showing gender disproportion in the electoral process.

Women participate also in judiciary and executive power. Out of sixteen ministerial positions in the Montenegrin Government, two are held by women (Minister for Culture and Minister for International Economic Relations and European Integration). Analyses of the gender structure of employees at sub-ministerial positions (positions of secretaries,

Box 23. Gender Equality Office



Kancelarija za ravnopravnost

P♀L♂VA

The Government of the Republic of Montenegro established the Gender Equality Office in March 2003, in consideration of the principles of modern democracy and respect for human rights and in particular the implementation of gender equality policy. The Office performs specialized and other duties related to the implementation of the principle of equality and equity and the implementation of international conventions and treaties for the needs of the Montenegrin Government, coordinates the activities of the Governmental bodies in this field and is the partner of NGOs dealing with gender equality issues.

The Gender Equality Office of Montenegrin Government was established in March 2003. This Office recently published a book titled **Women in Power**. The book presents a sociological analysis of women's participation in power at the Republic and local levels in the period 1990-2003.

advisors and deputies) show that women employed in these positions account for 32.98%. Participation of women in the judiciary system is higher than in the executive and legislative power. For example 61.8% of the total number of women appointed to or elected for positions at the Republic level (legislature, executive power and judiciary) have been appointed to positions in the judiciary.

The role of the media

The Montenegrin media is developing more and more. There are 45 print media, 43 local radio stations and 15 television stations. 52.2% of the media is located in the central region, 26.1% in the northern and 21.7% in the southern region of the Republic. The owners of print media are

mainly non-governmental organizations (31%), and private companies (21.4%). 42.5% of radio stations are owned by private companies, while 35% are public services.

Freedom of the press is a constitutional right. In general, the regulations relating to the media comply with international treaties on human rights and fundamental freedoms. The legislation regulating media in Montenegro includes three laws adopted in September 2002: Media Law, Broadcasting Law and the Law on Public Broadcasting Services "Radio of Montenegro" and "Television of Montenegro". By these Laws, the Republic of Montenegro provides and guarantees freedom of information at the level of standards as contained in the international treaties on human rights and fundamental freedoms (the United Nations, the OSCE, the Council of Europe, the EU).

In line with these Laws, the Broadcasting Agency was formed as an independent regulatory institution. According to the Law on Public Broadcasting Services, the Radio and Television of Montenegro were transformed into public services. The Radio and Television of Montenegro are financed from funds from radio and TV subscription, and commercial and budgetary resources. In addition to these Laws, the Draft Law on Free Access to Information has been made and an initiative has been launched to draft a Law on Media Concentration.

The Draft Law on Free Access to Information is based on the fact that access to information that is in possession or under the control of the Government is free, and that a person can ask to access information without any obligation to explain his/her reasons or interests.

The aim of the Joint Initiative for the drafting of the Media Concentration Law is to prevent excessive concentration of ownership in the media and to provide greater transparency related to capital ownership in the Montenegrin media system. This Initiative has been pursued in line with the Universal Declaration of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms and the Recommendation of the Council of Europe on measures to promote media pluralism.

An important aspect of respect for minority rights and a necessary precondition for multiculturalism is the representation of minorities in the media. The Law prescribes that the Republic of Montenegro has to provide and materially support public

information in the languages of national and ethnic groups. In Montenegro, there is a range of print media in the Albanian language, as well as radio and TV stations. These stations are mainly located in areas with majority Albanian population (Tuzi and Ulcinj). Print media dealing with topics relevant to refugees and displaced persons, have also been established. The same trend exists for media and programs intended for vulnerable groups (the Roma, the Ashkaelia, and the Egyptians). Currently, the public broadcasting service Television of Montenegro prepares a programme for the Roma in the Roma language.

Media reform in Montenegro is implemented jointly by international experts in co-operation with local NGOs. In June 2004, the training of journalists in diversity was organized in Kotor. The main aim of the training was to acquaint the participants more closely with the concepts of ethnic, cultural, racial and other diversities and to improve their professional knowledge and reporting about such topics in the society.

The concept of “nationality” and diversity management

Some interesting facts on decentralization and other tendencies related to nationality issues cast light on trends in interculturalism.

- 1) Changes in the statement of “nationality” has varied significantly over time according to the various censuses. For example, those stated as Montenegrin accounted for 90.7% in 1948; 68.5% in 1981; 65.0% in 1991; and 40.64% in 2003. The process of shifting from one group to another was continual: to Muslim, Serb and Albanian groups, which have also undergone similar changes.
- 2) The level of emigration (for the period from 1971 to 1981), the emigration rate – number of emigrants per one hundred members of a group was: Montenegrins 3.5, Albanians 3.6, Muslims 6.6, Croatsians 13.3 and Serbs 32.1.
- 3) An increase in the geographical concentration rate of each group has been recorded in most regions.
- 4) The number of ethnically mixed marriages is declining for Montenegrins, and especially for Albanians and Muslims/Bosniaks.
- 5) The disparity between mother tongue and ethnic status shows a tendency of ethnic groups to close this gap.

The tendencies above suggest that the level of interculturalism declines over time, i.e. ethnic groups tend to close and separate themselves more and more in regional, family and political terms.

Chapter 5: Policy agenda

Economic growth as a precondition for overall human development

The vision of strategic development in Montenegro, created in 1998 is based on three basic development pillars, which are the following:

- a) Open market economy
- b) Predominance of private ownership
- c) Protection of ownership rights and security of contracts

In the up-coming period, the focus needs to be shifted from macroeconomic stability to economic growth and development, or to the creation of a more dynamic economy. This is the most important step in achieving higher living standards and a higher quality of life for all Montenegrin citizens. Higher living standards and improvement in the

quality of life are best achieved through growth and development based on private sector activities and its creative and innovative potentials. It is important to emphasize that by shifting focus towards growth and development the Government does not mean to become an investor itself or to manage companies and influence redistribution policies. In the situation in which two-thirds of the economy is owned by the private sector and in which accession to the EU, or in other words, to a market of 450 million people and €10.97 billion in GDP, is an elementary policy of the Government, the role of the Government changes dramatically in relation to its role in the former system. The goal of the Government is no longer to intervene, but rather to create a healthy business environment (institutions and laws). The role of the Government should not be to protect, but to encourage

and promote the policy of economic growth and development. To succeed in the great European market, where competition is fierce, and the risks are high, corporations, banks, insurance companies, investment funds and entrepreneurs need to rely on their own creativity and innovative abilities, as well as on strategic partnerships, and not on the state as they grew accustomed to doing in the past. Therefore, growth and development will be particularly stimulated through the increase of economic liberties. Economic liberty is closely tied to individuals and their skills: their freedom to work, to produce, to spend and to invest. Our intention to enter the EU calls for the increase of economic liberties in Montenegro, matching them to the liberties afforded to other EU countries such as Estonia, Ireland and Slovakia. We cannot join the EU with a protected economy. This means that we have to introduce certain measures in Montenegro that would allow a free flow of goods and services, currencies, capital and information. One cannot advocate free flow of goods, and limit entrepreneurs to invest abroad at the same time. What will happen when Montenegro enters the EU? Who will then be able to limit freedom of trade and capital movement? Montenegrin economic policy is based on the integral market approach (united functioning of the goods, capital, labour, and information markets), because this is the way the EU functions. Integration always requires the acceptance of codes of conduct, and ways of thinking that are established in the entity one hopes to become a member of. If one is to enter such a great market, then every company or bank and the entire business sector enters into the field of complete economic liberty, fierce competition, and personal responsibility for success or failure in the market. There can be no protections, there can be no guarantees. The market is great, and we can no longer influence it. At the same time, we cannot hope for prompt integration into the EU while simultaneously keeping protective measures.

Economic liberties are important for regional economic co-operation in the West Balkan area. In Montenegro, encouragement of regional co-operation and active participation in the same – at the state and business level – is one of the pillars of development. Regional economic co-operation will serve as an evolutionary step towards the adoption of leading corporate governance principles established in the EU.

Economic liberties, such as relaxed rules regarding business start-ups, are important tools in helping to

reduce poverty. In other words, one needs to allow people to start a business and focus mainly on the prospects of their business plans, rather than on the money that is needed to start that business. Removing barriers to business start-ups, as well as relaxing funding criteria, whenever people have a business idea in mind, is an important part of poverty reduction policy.

We emphasize the importance of public administration reform, both at the Republic and local level. Apart from the steps already taken, and particularly the measures striving to establish a professional administration, our current organizational concept needs to be re-evaluated, particularly keeping in mind the fact that Montenegro is a small state, both in the territorial sense, and in the number of inhabitants. The size of the administration should suit the size of the state. Large budgetary expenses weaken the competitive edge of Montenegrin goods and services, and they will weaken them even more once Montenegro enters the EU. Should the state fail to reorganize in accordance with the principles of a micro state, based on enhancement of efficiency, a smaller administration and lessened expenses, the process of accession into the EU will be very difficult.

Protection of ownership rights and security of contracts is essential for investors. This is why judicial reform is very important and necessary in order to attract foreign investors. Protection of ownership rights, a fundamental idea of the Agenda, requires efficient and well maintained registers of real estate, and this is clearly reflected in the Agenda.

Having in mind the great changes in the Montenegrin economic system, it is important to analyze how they will correspond with the political system. This is important for two reasons: 1) the size of Montenegro, and 2) the necessity of the Government to communicate, as efficiently as possible, with the institutions when we enter the EU.

Goals to be achieved

The first task is recognition of entrepreneurship as the key driving force of future economic growth and development. Developing an entrepreneurial economy requires a wide range of reforms in the business environment (legal, regulatory, simplification of administrative procedures, incentives, etc.) so that administrative requirements will be easy to understand and follow, and so that they

would allow for fast and inexpensive ways to start a business. Developing an entrepreneurial economy further requires the establishment of mechanisms that would permanently monitor business trends, and secure effective economic growth. A comprehensive review of public sector activities and possibilities to delegate certain of these activities to the private sector will offer new opportunities to entrepreneurs and balance the disproportion between the number of employees in the private and public sector. Tax rates will be analyzed and adjusted to maximize private sector growth, attract investment and shift workers from the grey to the regular economy. A broadening of the tax base and an improved tax base structure, combined with tighter control of Government expenditure, will create the space needed to reduce the tax burdens of the private sector.

The financial sector should provide access to affordable credit lines for all private citizens, especially if it is their intention to invest in their own companies. As well, the financial sector should help reduce risk by providing access to a full range of insurance policies. To make this happen, Montenegro needs a well regulated, consolidated and privatized financial sector. These actions, combined with a number of other reform adjustments will help create a business environment that stimulates and attracts individual initiative. It is reasonable to expect that a positive environment for entrepreneurs will bring about a realization that economic growth rests upon initiatives that come from the private sector, and in such a way change current expectations that the capital will come from the public sector. Respect and legal protection of ownership rights is a basic requirement for this.

Being an essential component of Gross Domestic Product (GDP), investment represents a very important issue to focus on. The basic goal is to decrease economic and legal uncertainty. Uncertainty leads to a decrease in foreign or domestic money available for investment and, indirectly, it influences a jump in credit rates, representing the price of investment risk in an uncertain economic environment. Reforms aimed at reducing uncertainty include: clear rules of contracting, restitution, the establishment of an efficient judicial system, and a legal framework that ensures fair and expedient judicial compensation to entitled parties; offering in such a way confidence to potential investors that their property and businesses will be secure. Legislative reform and implementation of new laws on secured transactions and mort-

gages will increase the availability of affordable credit, which is one of the conditions of economic growth. Systematization and effective enforcement of anti-corruption regulation will further increase investor confidence.

A combination of a dependable and efficient legal framework, a fair and equal tax treatment, effective corporate governance practices, and respect of ownership rights, shall transform the Montenegrin market into a serious investment destination.

Such a framework needs to be followed by attractive and specific investment projects. In that regard, it is important to establish mechanisms that would enable a quick determination of dues, so that the government could satisfy its claims from the companies that used to be owned by the state, asserting a decisive effectuation of regulations contained in the new Law on insolvency of business entities. These two actions will open new investment opportunities in sectors of the economy with positive development perspectives. Completing the sale of shares of companies owned by the Government will help investors consolidate their controlling interests, thereby giving them the ownership position they need to secure capital investments.

An important topic of the Agenda is the formalization of the grey economy. In a depressed economy, grey market activity offers an alternative to legitimate employment, but deprives Montenegro of tax revenues and reduces the competitiveness of legitimate businesses. Should this alternate sector be brought under the regular scheme of taxation, a path to a drastic decrease in the overall tax base would be opened. This would also create an opportunity for tax cuts and stimulate the growth of the private sector, as well as job creation. The broadening of the tax base over the existing "grey" sector would contribute to the decrease of a fiscal imbalance that would likely arise if the growth of the public sector was stimulated by tax cuts. The most effective way to push businesses, and workers, into the formal economy is to remove their incentives to participate in the grey economy. A combination of tax, pension, health and unemployment contributions combines to a 65% deduction of workers' gross salaries. Reducing the cost and the regulatory and administrative burdens of participating in the legal economy would facilitate a shift to the formal economy, increase formal number of available jobs, and enable legalization of "grey" employment. Specific projects that will stimulate

legalization of employment and provide new budget revenue will be realized in this segment.

The introduction of well capitalized individual accounts for retirement planning, where workers set aside their own money and see it grow through investment activities, will serve as an initiative to participate in the formal labour market in order to take advantage of these schemes. Giving businesses full control over their own funds and bank accounts, and increasing access to loans will assist the shift to activity in the formal market. Improvements in tax administration will make it more difficult and costly to continue to participate in the grey economy. Measures aimed at the removal of barriers, assertive actions, together with numerous activities that create disincentives for remaining in the grey economy, will represent a combination that generates conditions for a natural shift from the "grey" economy to the legitimate sector.

Competition and competitiveness are also some of the central issues of the Agenda. Promoting healthy competition in an economy is the only way for that economy to improve its competitive advantage. Stopping the activity of subsidizing state-owned companies will increase the pressures of competition and seize the activity of "pushing out" private businesses that compete with the subsidized businesses owned by the Government. Competition will become even stronger through the process of simplification of procedures for opening and closing businesses, which will result from the reform of the business regulation system. A new anti-trust law, as well as the gradual introduction of the rules of the World Trade Organization (WTO), will enable legal action to be brought against companies that try to monopolize the market and stifle competition.

The competitiveness of the Montenegrin economy will be reinforced with a complete revision of the laws that deal with business regulation and securities regulation as well as with the adoption of additional laws in accordance with the criteria that will be determined through negotiations, in the process of stabilization and accession to the EU, and the process of entering the WTO. Harmonization with the laws of the EU, the WTO, and those of major trading partners, will influence lower cross-border transaction costs. Modernization of the structure of the state administration, and the implementation of clear procedures in the state administration, together with the adoption and implementation of anti-corruption legislation, will

help the Montenegrin economy to improve its competitive position, and attract direct investments. In the short term, three of the most pressing needs are to correct Montenegrin fiscal imbalance, to establish reliable, publicly accessible economic statistics and to ensure sustainable sources and a stable supply of electricity.

The local government plays an important role in creating a competitive business environment. In a recent survey conducted in Montenegro, 100% of the businesses surveyed cited 'administrative burdens' as one of the top five barriers to doing business in Montenegro. Local governments need to review and streamline administrative processes, such as those concerning the issuance of permits for work or construction. Citizens, businesses and local governments must jointly establish goals, mechanisms and models to upgrade and improve communal services that are vital to local business development, such as water, solid waste management, roads, lighting, and security. For local governments to be efficient partners in revitalizing local economies, they need to be professional, decentralized, and have sustainable revenue sources.

One theme that is interlocked with all others is the theme of job creation in the legitimate labour sector. In addition to measures already mentioned, a market-based, flexible labour law that does not unduly burden employers is critical to improving employment. The current regime is costly, and does not offer sufficient flexibility. Creating conditions for greater flexibility of the job market is a precondition for increased employment.

Companies that used to be owned by the state or are still owned by the state are stagnating. They are in debt and undercapitalized, and therefore unable to offer new jobs, or sustain the employees they already have. These companies cannot attract or retain the best and brightest workers by offering them adequate salaries. Revitalizing these companies, through the voluntary restructuring provisions of the Law on Insolvency of Business Entities, or liquidating companies that are not viable in order to free their assets for productive use, are ways these firms could help resolve employment problems over the long term. The project of restructuring and transforming these companies would help them attract new investors and complete the process of privatization or, on the other hand, it would define their status as unprofitable and lead to their liquidation. Good

policies and large scale capital investments into the areas in which Montenegro is determined to hold a competitive advantage, as well as maintenance and development of those competitive advantages, could lead to long-term, sustainable employment and high wages.

However, even if economic growth is a precondition of human development, it does not necessarily contribute to a better economic situation of all layers (groups) of citizens. In other words, economic growth becomes one of the pillars of human development only if we are simultaneously mindful of the need to reduce poverty or distribute capital gain to ALL layers of citizens. In many countries (Latin America, Eastern Europe), even though the growth of GDP is soaring, so is the rate of poverty, and the imbalances are extreme. To enable the distribution of the benefits of the economic growth, the state should enable the implementation of so called "pro-poor" strategies, in other words, strategies that allow for reduction of poverty and a balanced growth and development. Another, very important feature of economic growth is the elimination of regional disparity. A very notable migration of the population from the North of Montenegro to the South, indicates a considerable need to create better living conditions for the inhabitants of the North. Encouraging entrepreneurship followed by the opening of new jobs, better use of local potential, better healthcare and access to institutions of higher education could be some of the directions for the development of the North. Yet another important feature of balanced economic development is encouraging rural development. A notable migration from the villages to the cities (existent at a fluctuating rate in the past 60 years) is an indicator of the fact that the village inhabitants are not satisfied with the living conditions and the quality of life in Montenegrin villages. Poor infrastructure, poor lines of communication, restricted access to institutions of elementary and secondary education and poor access to healthcare, as well as a very limited cultural life, are some of the reasons for this condition. The abovementioned difficulties represent, at the same time, the precise areas that should be developed in order to allow for adequate living conditions in rural regions.

When mentioning certain categories of the population, it becomes evident that further emphasis should be directed to the issues of gender equality. Even though the number of women and men with university education is approximately the

same, the distribution of leading corporate and governmental positions and the concentration of capital favours the men, and indicates a society still dominated by men. Keeping in mind the sparse resources of Montenegro, and its pro-European and democratic orientation, the issue of gender equality should be examined not only as a human rights issue, but also as an economic development issue. Montenegro should do everything in its power to ensure equal opportunity for men and women and in such a way ensure better use of all available resources.

Montenegro should pay particular attention to the most vulnerable categories of the population, such as Roma, refugees and internally displaced persons. The most vulnerable category of all is certainly the Roma population and, for the enhancement of their living conditions, a holistic and long-term intervention is required. Poor education, illiteracy, a hazardous health environment and very high unemployment are only some of the limiting factors that the Roma population faces.

The processes of transition have, to a great extent, eliminated the middle class – the working class from the socialist era. Shutting down (partially or completely) a great deal of companies has influenced the high unemployment of the middle-aged population, which became "imprisoned" in the urban societies. These painful, but unavoidable, processes of transition could be helped by a variety of continuing education programs, measures that would protect the worker from the actions of "new" employers, but also by legalization of employment positions and the reduction of administrative costs.

The crisis of the nineties has also influenced the lowering of the quality standards of certain social services. Even though, generally speaking, one could say that the rate of literacy is high and that the health services are basically accessible to all Montenegrin inhabitants, it is necessary to speed up reform in these areas as well, and to invest as much as possible in new technology.

During the final decade of the last century, the crime rate went up and the security of all layers of society has been threatened. The war events, the emergence of nationalism and a negative political situation have all negatively influenced the relations between different national groups in Montenegro. However, Montenegro succeeded in being the only republic from the former Yugoslavia that avoided waging war on its own territory. Therefore, the

friction and hatred between certain ethnic (national) groups in Montenegro never reached the levels it did in some other Balkan states.

Current legislation and legal practice guarantee legal equality to all citizens of Montenegro, regardless of their gender, race, nationality and age. This

fact (which is also a precondition) should be used to further enhance interpersonal consideration and national tolerance in Montenegrin society. Only by savouring its cultural, religious, and ethnic diversity will Montenegro be able to secure its distinct identity and fully realize its potential.

Statistical Appendix

	1991	1999	2000	2001	2002	2003	2004
HUMAN DEVELOPMENT INDEX (HDI)							
Life expectancy at birth (years)	75.2	73.4	73.4	73.4	73.0	73.1	73.1
male	72.0	70.7	70.7	70.7	70.0	70.1	70.1
female	78.4	76.1	76.1	76.1	76.0	76.1	76.1
Adult literacy rate (%)	94.9	97.5	97.5	97.5	97.5	97.5	97.5
Combined gross enrolment ratio (%) in primary, secondary and tertiary education.	70.2	74.8	74.0	72.4	74.2	72.5	73.9
GDP per capita (PPP US\$)	5,347.3	3,107.0	3,430.2	4,035.2	4,437.8	5,834.3	6,641.4
Life expectancy index	0.837	0.807	0.807	0.807	0.800	0.802	0.802
<i>Adult literacy index</i>	0.949	0.975	0.975	0.975	0.975	0.975	0.975
<i>Gross educational enrolment index</i>	0.702	0.748	0.740	0.724	0.742	0.725	0.739
Education index	0.867	0.899	0.897	0.891	0.897	0.892	0.896
GDP index	0.664	0.574	0.590	0.617	0.633	0.679	0.700
Human development index (HDI) value	0.789	0.760	0.764	0.772	0.777	0.791	0.799

(1) Source: Monstat: Statistical Yearbook 1991 and 2003; Federal Statistics Yearbook 2000; Pension system in Montenegro model

GENDER-RELATED DEVELOPMENT INDEX - (GDI)							
Gender-related development index (GDI)	0.775	0.748	0.753	0.760	0.765	0.779	0.787
Equally distributed life expectancy index	0.810	0.781	0.781	0.781	0.774	0.776	0.776
<i>Life expectancy index-female</i>	0.848	0.810	0.810	0.810	0.808	0.810	0.810
<i>Life expectancy index-male</i>	0.775	0.753	0.753	0.753	0.742	0.743	0.743
Female population share	0.503	0.508	0.508	0.508	0.508	0.508	0.508
Male population share	0.497	0.492	0.492	0.492	0.492	0.492	0.492
Life expectancy at birth	75.2	73.4	73.4	73.4	73.0	73.1	73.1
male	72.0	70.7	70.7	70.7	70.0	70.1	70.1
female	78.4	76.1	76.1	76.1	76.0	76.1	76.1
Equally distributed education index	0.860	0.900	0.897	0.892	0.898	0.892	0.893
<i>Female education index</i>	0.836	0.896	0.893	0.888	0.892	0.891	0.889
<i>Male education index</i>	0.887	0.904	0.902	0.896	0.903	0.894	0.896
<i>Adult literacy rate-female</i>	0.903	0.959	0.959	0.959	0.959	0.959	0.959
<i>Adult literacy rate-male</i>	0.979	0.992	0.992	0.992	0.992	0.992	0.992
Adult literacy rate (%) – Age 10+	94.9	97.5	97.5	97.5	97.5	97.5	97.5
Adult literacy rate (%) – female	90.26	95.90	95.90	95.90	95.90	95.90	95.90
Adult literacy rate (%) – male	97.93	99.20	99.20	99.20	99.20	99.20	99.20
<i>Gross enrolment ratio – female</i>	0.702	0.769	0.760	0.745	0.758	0.754	0.749
<i>Gross enrolment ratio – male</i>	0.702	0.729	0.721	0.704	0.726	0.697	0.705
Combined gross enrolment (%) – primary, secondary and tertiary education	70.15	74.8	74	72.4	74.2	72.5	73.9
Gross enrolment coefficient – female	70.20	76.9	76.01	74.45	75.75	75.44	74.90
Gross enrolment coefficient – male	70.20	72.9	72.15	70.44	72.65	69.71	70.50
Equally distributed income index	0.655	0.564	0.581	0.608	0.624	0.670	0.691
<i>GDP index – female</i>	0.615	0.525	0.541	0.568	0.584	0.630	0.651
<i>GDP index – male</i>	0.702	0.611	0.628	0.655	0.671	0.716	0.738
GDP per capita (PPP US\$)	5,347.3	3,107.0	3,430.2	4,035.2	4,437.8	5,834	6,641
GDP per capita (PPP US\$) – female	3,987.7	2,317.0	2,558.0	3,009.2	3,309.4	4,350	4,952
GDP per capita (PPP US\$) – male	6,701.8	3,894.0	4,299.1	5,057.4	5,561.8	7,312	8,323

GENDER EMPOWERMENT MEASURES (GEM)							
Gender empowerment measure (GEM)	0.351	0.332	0.361	0.366	0.431	0.442	0.452
Indexed EDEP for parliamentary representation	0.193	0.191	0.191	0.191	0.377	0.377	0.377
Equally distributed equivalent percentage (EDEP) for parliamentary representation	9.64	9.55	9.55	9.55	18.83	18.83	18.83
Seats in parliament held by women (as % of total)	5.1	5.1	5.1	5.1	10.67	10.67	10.67
Seats in parliament held by men (as % of total)	94.9	94.9	94.9	94.9	89.33	89.33	89.33
Equally distributed equivalent percentage (EDEP) for economic participation	0.736	0.736	0.816	0.816	0.816	0.816	0.827
<i>Indexed EDEP for legislators, senior officials and managers</i>	0.504	0.501	0.661	0.661	0.661	0.661	0.684
<i>Equally distributed equivalent percentage (EDEP) for legislators, senior officials and managers</i>	25.21	25.03	33.07	33.07	33.07	33.07	34.20
Female legislators, senior officials and managers (as % of total)	14.86	14.86	21.16	21.16	21.16	21.16	22.16
Male legislators, senior officials and managers (as % of total)	85.14	85.14	78.84	78.84	78.84	78.84	77.84
<i>Indexed EDEP for professional and technical workers</i>	0.969	0.971	0.971	0.971	0.971	0.971	0.971
<i>EDEP for professional and technical workers</i>	48.44	48.53	48.53	48.53	48.53	48.54	48.54
Female professional and technical workers (as % of total)	58.97	58.97	58.97	58.97	58.97	58.97	58.97
Male professional and technical workers (as % of total)	41.03	41.03	41.03	41.03	41.03	41.03	41.03
Equally distributed equivalent percentage (EDEP) for income	0.122	0.070	0.077	0.092	0.101	0.134	0.152
<i>Income index – female</i>	0.097	0.056	0.062	0.073	0.080	0.107	0.122
<i>Income index – male</i>	0.165	0.095	0.105	0.124	0.137	0.181	0.206
GDP per capita (PPP US\$) – female	3,987.7	2,317.0	2,558.0	3,009.2	3,309.4	4,350.8	4,952.7
GDP per capita (PPP US\$) – male	6,701.8	3,894.0	4,299.1	5,057.4	5,561	7,312.1	8,323.7
TRENDS IN HUMAN DEVELOPMENT AND PER CAPITA INCOME							
GDP per capita (1994 US\$) – including informal economy	3,541.2	2,526.5	2,882.9	2,839.4	2,852	2,884.6	2,977.0
TRENDS IN HUMAN DEVELOPMENT AND ECONOMIC GROWTH							
GDP per capita (1994 US\$) – including informal economy	3,541.2	2,526.5	2,882.9	2,839.4	2,852	2,884.6	2,977.0
Lowest value during 1991-2003	1,706.86 in 1993						
Highest value during 1991-2003	3,541 in 1991						
GDP per capita (current US\$)			1,541	1,813	1,994	2,621	3,091
Average annual real rate of total GDP change				-0.2	1.7	2.3	3.7
SURVIVAL PROGRESS							
Life expectancy at birth (years)	75.2	73.4	73.4	73.4	73.0	73.1	
Infant mortality rate (per 1,000 live births)	11.1	13.4	11.2	14.6	10.8		
Under-five mortality rate (per 1,000 live births)	11.14	14.50	12.50	15.73	11.41		
People not expected to survive to age 60 (%)							
Maternal mortality ratio reported (per 100,000 live births)	31.23			23.53			
Source: Federal Statistics Office; Pension Reform Project							

HEALTH PROFILE							
Infant with low birth weight (%)		5.0					
One-year-olds fully immunized (%):							
a) Against tuberculosis							
b) Against measles							
Oral rehydration therapy use rate		481.0	453.3				
Pregnant women with anaemia							
Tuberculosis cases (per 100,000 people)		22.12	15.60				
Malaria cases (per 100,000 people)		0.76	0.30				
People living with HIV/AIDS							
Total number		37.0	43.0				
Adult rate (% age 15-49)		86.5	86.0				
Cigarette consumption per adult, Annual average							
Doctors (per 100,000 people)		175.7	175.1				
Nurses (per 100,000 people)		599.0	600.0				
EDUCATION PROFILE							
Adult literacy rate (% age 15 and above)	94.9	97.5	97.5	97.5	97.5	97.5	97.5
Youth literacy rate (% age 15-24)	99.1						
Age group enrolment ratio (adjusted)							
Primary age group (% of relevant age group)		99.9	99.5	99.2	96.5	92.3	
Secondary age group (% of relevant age group)		79.4	79.3	79.6	83.8	83.7	
Tertiary students in science (as % of total tertiary)		16.3	17.6	16.0	16.9	16.1	
Public education expenditure							
As % of GNP			5.5	4.5	4.2	5.5	
As % of total government expenditure		24.8	24.9	18	19.7	18.9	
Pre-primary, primary and secondary (as % of all levels)		87.8	84.9	85.8	84.5	86.4	
Tertiary (as % of all levels)		12.2	15.1	14.2	15.5	13.6	
Sources: ISSP, population statistics (for elementary schools age from 7-14, secondary 15-18, tertiary 13-23)							
Ministry of Education for numbers of students in elementary and secondary schools							
University of Montenegro for data on number of tertiary students							
Government of Montenegro: Report on Budget for 2000-2003							
ACCESS TO INFORMATION FLOWS							
International tourism departures							
In thousands							
Index (1990=100)							
Main telephone lines (per 1,000 people)		169.5	177.4	182.5	188	188	190
Public telephones (per 1,000 people)		0.53	0.86	1.1/1.4	1.1/1.5	1.04/1.52	
Cellular mobile subscribes (per 1,000 people)		62.3	241.4	356.2	445	420	783
Televisions (per 1,000 people)				939	947		938
Personal computers (per 1,000 people)				96.3	124.5		159
Internet hosts (per 1,000 people)		6.3	11.3	18	27	37.5	35
Source: Agency for Telecommunication; Internet CG, ISSP Household survey							

ECONOMIC INDICATORS							
GNP (US\$ millions)			977	1,157	1,366	1,770	1,992
GNP annual nominal growth rate (%)				18.34	18.09	29.61	14.90
GNP per capita (US\$)			1600	1886	2219	2865	3209
GNP per capita annual growth rate (%)				17.91	17.66	29.13	14.44
Average annual rate of inflation			11.3	23.8	9.2	6.2	4.3
EURO/US\$ exchange rate			0.92367	0.89563	0.9455	1.1311	1.24390
MACROECONOMIC INDICATORS							
GDP (€ millions)			1022.2	1244.8	1301.5	1433.0	1535.0
GDP (US\$ millions)			944.2	1114.9	1230.7	1621.0	1909.4
Agriculture (as % of GDP) (1)			11.8	11.2	11.4	11.3	11.2
Industry (as % of GDP) (2)			18.1	19.6	18.8	18.8	18.8
Services (as % of GDP) (3)			60.8	58.4	58.8	58.7	58.7
Consumption							
Private (as % of GDP)				77.9	76.8	76.2	76.9
Government (as % of GDP)				36.7	35.9	34.6	32.9
Gross domestic investment (as % of GDP)		11.68	16.3	19.2	18.9	19.1	19.5
Gross domestic savings (as % of GDP)							
Central government (4)							
Tax revenue (as % of GDP)					17.66	23.83	24.48
Expenditure (as % of GDP)					19.52	27.00	26.58
Overall budget surplus/deficit excluding grants (as % of GDP)					1.93	-3.16	-2.10
* Structure by economic activities (2000-2001) based on GDP-Taxes on Products less subsidies on product: Source: Monstat. Data for 2002-2004: ISSP estimates							
** Structure by institutional sectors based on results from model for macroeconomic forecast. Source: CBCG							
(1) Includes: agriculture, hunting and forestry							
(2) Includes: mining and quarrying, manufacturing, electricity, gas and water supply							
(3) Includes: construction, trade, hotels and restaurants, transport, storage, communication, financial intermediation, real estate, renting and business activities, public administration and defense, compulsory social security, education, health and social work, other community, social and personal activities, private households with employed persons, extra-territorial organizations and bodies							
(4) Source: Ministry of Finance							
RESOURCE FLOWS							
Export of goods and services (as % of GDP)		17.35	29.74	31	36.4	31.5	
Import of goods and services (as % of GDP)		50.5	41.9	62.4	60.1	48.5	
Net foreign direct investment flows (US\$ millions)				9.5	84.3	44.9	
Net portfolio investment flows (US\$ millions)				-0.11	-0.2	1.1	
Net bank and trade-related lending (US\$ millions)							
Sovereign long-term debt rating							
Source: CBM import-export data, share based on GDP by Monstat (2000-2001) and ISSP estimates (2002-2003)							

AID AND DEBT BY RECIPIENT COUNTRY							
Official development assistance (ODA) received (net disbursements)							
Total (US\$ millions) (1)			51.24	13.20	25.24	14.23	
As % of GDP			5.43	1.18	1.96	0.86	
Per capita (US\$)			83.66	21.47	40.90	23.02	
External debt							
Total (US\$ millions) (2)					395.8	496.4	
As % of GNP					0.304085744	0.2863113	
Total debt services (as % of export of goods and services) (3)					2.45	2.2	
(1) Source: Ministry of Finance							
(2) Source: Central bank of Montenegro							
(3) Source: Central bank of Montenegro, only paid interest included							
DEMOGRAPHIC TRENDS							
Total population (mid-year)	591,269	610,324	612,496	614,791	617,085	618,233	620,706
Annual population growth rate (%)	0.640	0.358	0.356	0.375	0.373	0.186	0.400
1975-1991							
1991-2015							
Urban population (as % of total)	59					62	
Dependency ratio (%)	51.16	48.88	48.88	48.88	48.80	48.77	
Population aged 65 and above (as % of total)	9.54	11.76	11.76	11.76	12.07	12.37	
Total fertility rate	2.10	1.89	1.93	1.87	1.83	1.00	
Contraceptive prevalence rate (%)							
Note:							
Data for 1991 and 2003 are census data							
Data for 1992-2002 are estimated using the average annual population growth rate, ISSP							
2003 census data are based on a residency concept							
Estimated average annual population growth rate in period from 1991 and 2003 was estimated as 0.397%							
Monstat (Statistical Yearbook 1991. i 2003. and Preliminary report on 2003 census)							
Pension system model in Montenegro, working group for pension reform							
ENERGY USE							
Electricity consumption							
Total (GWh)	3,389	3,542	3,848	4,116	4,117	4,393	
Index (1980=100)	140.2	146.5	159.1	170.2	170.3	181.7	
Per capita (kWh)	5.7	5.8	6.3	6.7	6.7	7.1	
Traditional fuel consumption							
Charcoal (thousands of metric tonnes)	1,327						
Wood (thousands of m ³)	164						
Commercial energy use							
Total (GWh)	2,404.0	2,011.0	2,235.0	2,627.0	2,613.0	2,761.3	
Per capita (kWh)	4.1	3.3	3.6	4.3	4.2	4.5	
GDP output per kWh (US\$)			2.37	2.36	2.12	1.70	
Net energy imports (as % of commercial energy use)	8.0	17.0	27.0	32.0	33.0	32.0	
Source: ISSP/CARA							

ENVIRONMENTAL PROFILE							
Annual internal renewable water resources (m ³ per capita)*	185						
Annual fresh water withdrawals							
As % of water resources							
Per capita (m ³)	87						
(1996)							
Average annual rate of deforestation (%)							
Printing and writing paper consumed (kg per capita)							
Carbon dioxide emissions							
Total (millions of metric tonnes)							
Share of world total (%)							
Per capita (metric tons)							
Sulphur dioxide emission per capita (kg)							
Note: data for 1991.estimated based on 1996 total data and than divided by 1991 population estimated by ISSP							
MANAGING THE ENVIRONMENT							
Major protected areas (as % of national territory)	10	10	10	10	10	10	
Nuclear waste generated (metric tons of heavy metal)							
Hazardous waste generated (kg per person)						1	
Population served							
By municipal waste services						50%	
By public sanitation services							
Waste recycling (as % of apparent consumption)							
Paper and cardboard						19	
Glass						8	
*Source: GOPA							
FOOD SECURITY AND NUTRITION							
Food consumption (as % of total household consumption) (1)		55.1	50.4	47.7	45.8		
(1) Source: Monstat, Statistical Yearbooks 1995-2002							
JOB SECURITY							
Unemployed people – registered (thousands)	58,114	75,303	84,061	81,561	80,865	71,679	65,185
Unemployed people – survey (thousands)		53,340	54,949	57,536	57,688	62,105	71,759
Unemployment rate (registered)							
Total (% of labour force)	28	34	37	37	37	34	31
Index (1994=100)	94	117	128	125	125	116	107
Unemployment rate (survey) - Total (% of labour force)		22	23	25	25	27	28
Incidence of long-term unemployment (as % of total unemployment)							
Male		28	29	30	31	25	
Female		46	46	50	51	40	
Public expenditure on unemployment compensation (as% of GDP)		0.11	0.10	0.10	0.07	0.09	
Sources: Labour Force Survey - Federal Statistical Office, Employment Office of Montenegro, Monthly Statistical Review – Monstat							
Note: data for 2004 represent a 10-month average							

PROFILE OF POLITICAL LIFE							
Lower or single house							
Date of latest elections or appointments				22/04/2001	20/10/2002		
Members elected (E) or appointed (A)				77 E	75 E	75 E	
Voter turnout of latest elections (%)				81.79	77.2	77.2	77.2
Political parties represented							
In lower or single house				8	9	9	9
Note: Parliament in Montenegro is single house body							
Source: Parliament of the Republic of Montenegro							
CRIME							
People incarcerated (per 100,000 people)		370.4	394.7	391.4	304.3		
Juveniles convicted (as % of total convictions)		7.4	4.0	4.2	3.7		
Total recorded crimes (per 100,000 people)				1,216.5	1,211.7	1,206.8	
Total recorded drug offences (per 100,000 people)				42.8	49.7	47.8	
Recorded rapes (per 100,000 women aged 15 and above)				14.6	16.5	18.9	
Recorded homicides							
In country (per 100,000 people)				5.5	4.4	4.0	
In largest city (per 100,000 people)				10.3	12.5	9.5	
Largest city						Podgorica	
ACCIDENTS RESULTING IN DEATH							
Injures and deaths from traffic accidents (per 100,000 people)					9.10		
Suicides (per 100,000 people)	12.85	27	17.6	23.16	19.50		
Divorces (as % of marriages)	10.17	11.8	12.1	12.64	13.34	11.67	
Births to mothers under 20 (%)	1.48	5.3	5.9	1.07	0.95		
People killed in natural disasters							
Total number of casualties in worst single disaster		176	116		5		
Internally displaced people (thousands) (1)		33,315	28,131	28,131	28,131	18,537	18,047
Refugees			12,982	12,982	12,982	12,982	
By country of asylum (thousands)							
By country of origin (thousands) – Slovenia			18	18	18	18	
By country of origin (thousands) – Croatia			3,493	3,493	3,493	3,493	
By country of origin (thousands) – Bosnia and Hercegovina			9,471	9,471	9,471	9,471	8,500

GENDER AND EDUCATION							
Female adult literacy							
Rate (% age 15 and above)	89.3						
Index (1981=100)							
As % of male rate	91.1						
Female primary age group enrolment (adjusted)							
Ratio (% of primary school age girls)				97.42	98.9	98.3	
Index (1985=100)							
As % of male rate				102.45	102.41	105.94	
Female secondary age group enrolment (adjusted)							
Ratio (% of secondary school-age girls)				82.9	84.94	86.98	
Index (1985=100)							
Female tertiary level students							
Per 100,000 women index (1985=100)				1470	1595	1513	
As % of male		115.1	118.2	133.4	142.1	145.4	
Female tertiary level science enrolment (as % of female tertiary level students)							
Source: Ministry of Education; Monstat; ISSP population in 2001-2002							
Note: Data on number of students does not include Montenegrin citizens studying abroad (including Serbia)							
GENDER AND ECONOMIC ACTIVITY							
Female economic activity rate (age 15 and above)							
Rate (%)	38.6	45.3	43.8	46.8	48.4	48.7	43.4
Index (1981=100)	118	138.5	133.9	143	147.9	148.8	132.6
As % of male rate	62.8	82.8	77.9	68.8	69.2	72.7	71.26
Unemployment rate (%)							
Male (age 15-64)		13.8	15.5	17.3	17.4	20.6	24.1
Female (age 15-64)		20.3	21.9	33.2	33.7	35.0	33.5
Youth (age 15-24)							60.9
Female unpaid family workers (as % of total active population)		21.6	18.4	22.1	19.8	18.7	
Sources: Labour Force Survey - Federal Statistical Office, Employment Office of Montenegro, Monthly Statistical Review - Monstat							
WOMEN'S POLITICAL PARTICIPATION							
Year women received rights							
To vote							1946
To stand for election							1946
Year first women elected (E) or appointed (A) to parliament							1947 (E)
Women in government							
At all levels (%)					21.61	21.61	21.61
At ministerial level (%)					12.5	12.5	12.5
At sub-ministerial level (%)					32.98	32.98	32.98
Participation of women in parliament (%)	4.8	5.1		10**	10.67	10.67	10.67
Source: Parliament of the Republic of Montenegro							
* Source: GOM-Ministries. Data does not include women employed at the Ministry of Education and Ministry for the Protection of Minorities							

Methodology

Human Development Index (HDI)

The HDI is a summary measure of human development. It measures the average achievements in a country in three basic dimensions of human development

- A long and healthy life, as measured by life expectancy
- Knowledge, as measured by the adult literacy rate (with two-thirds participating in the calculation) and the combined primary, secondary and tertiary gross enrolment ratio

- A decent standard of living, as measured by GDP per capita (PPP US\$)

Before the HDI itself is calculated, an index for each of these dimensions needs to be created. To calculate these dimension indices – life expectancy, education and GDP indices— minimum and maximum values (goalposts) are chosen for each underlying indicator.

Performance in each dimension is expressed as a value between 0 and 1 by applying the following general formula:

$$\text{Dimension index} = \frac{\text{actual value} - \text{minimal value}}{\text{maximal value} - \text{minimal value}}$$

Further HDI is calculated as an average value of dimension indices

Goalposts for calculating HDI are:

Indicator	Maximum value	Minimum value
Life expectancy at birth	85	25
Adult literacy rate (%)	100	0
Combined GER	100	0
GDP per capita (PPP US\$)	40,000	100

HDI calculating example

This illustration uses data for Montenegro (2002)

1. Calculating the life expectancy index

This index discloses the relative achievement of a country in the sense of life expectancy

Life expectancy = 73.0 years

Life Expectancy index

$$= \frac{73-25}{85-25} = 0.800$$

2. Calculating the education index

This index measures relative achievement in adult literacy, combined rate of primary, secondary and tertiary gross enrolment. The first step is to calculate indices for adult literacy and combined GER. Then these two indices are combined to form the education index. The following is an example with data for Montenegro (2002), where adult literacy rate is 97.5% and combined primary, secondary and tertiary gross enrolment is 74.2%

$$\text{Adult Literacy index} = \frac{97.5-0}{100-0} = 0.975$$

$$\text{GER index} = \frac{74.2-0}{100-0} = 0.742$$

$$\begin{aligned} \text{Education index} &= \frac{2}{3} \text{ adult literacy index} + \frac{1}{3} \text{ GER index} \\ \text{Education index} &= \frac{2}{3} \cdot 0.975 + \frac{1}{3} \cdot 0.742 = 0.597 \end{aligned}$$

3. Calculating the GDP index

The GDP index is calculated using adjusted GDP per capita (PPP US\$). In HDI income serves as an alternate for all the dimensions of human development not reflected in a long and healthy life and in knowledge. Income is adjusted because achieving a respectable level of human development does not require unlimited income.

Thus, the logarithm of income is used

Montenegro GDP 2002 (PPP US\$) is \$4,437

$$\text{GDP index} = \frac{\log(4.437) - \log(100)}{\log(40.000) - \log(100)} = 0.633$$

4. Calculating HDI

Once the dimension indices have been calculated, calculating HDI is simple:

$$\begin{aligned} \text{HDI} &= \frac{1}{3} \text{ life expectancy index} + \frac{1}{3} \text{ education index} \\ &\quad + \frac{1}{3} \text{ BDP index} \\ \text{HDI} &= \frac{1}{3} 0.800 + \frac{1}{3} 0.897 + \frac{1}{3} 0.633 = 0.777 \end{aligned}$$

Gender Related Development index - GDI

While HDI measures average achievements, GDI adjusts the average achievements in order to reflect inequalities among men and women in the following dimensions

- A long and healthy life, as measured by life expectancy at birth.
- Knowledge, as measured by the adult literacy rate and the combined primary, secondary and tertiary gross enrolment ratio.
- A decent standard of living, as measured by estimated earned income (PPP US\$).

Calculating GDI involves three steps

I – Male and female indices are calculated through the following formula

$$\text{Dimension index} = \frac{\text{actual value} - \text{minimal value}}{\text{maximal value} - \text{minimal value}}$$

II – Female and male indices in each dimension are combined in a way that penalizes differences in achievement between men and women. The resulting index, is referred to as the equally distributed index, and is calculated in the following fashion:

$$\text{Equally distributed index} = \left[\frac{\frac{\text{female population share}}{\text{female index}}}{\frac{\text{male population share}}{\text{male index}}} \right]^{-1}$$

This index offers a harmonic mean of female and male indices

III – GDI is calculated as an unweighted average of these three equally distributed indices
Goalposts for calculating GDI:

Indicator	Maximum value	Minimum value
Female life expectancy at birth (years)	87.5	27.5
Male life expectancy at birth (years)	82.5	22.5
Adult literacy rate (%)	100	0
Combined GER	100	0
Estimated earned income (PPP US\$)	40,000	100

Calculating GDI

This example uses Montenegrin data (in 2002)

1. Calculating the equally distributed life expectancy index

Life expectancy (women) = 76.0 years

$$\text{Life Expectancy index (women)} = \frac{76-25}{85-25} = 0.808$$

Life expectancy (men) = 70.0 years

$$\text{Life Expectancy index (men)} = \frac{70-25}{85-25} = 0.742$$

Female population share - 0.508

Male population share - 0.492

$$\text{Equal Distribution of Life Expectancy index} = \left[\frac{\frac{0.508}{0.808}}{\frac{0.492}{0.742}} \right]^{-1} = 0.781$$

2. Calculating the equally distributed education index

Indices for the adult literacy rate and the combined primary, secondary and tertiary gross enrolment ratio are calculated separately for women and men. Calculating these indices is simple since they are already normalized between 0 and 100

Women	Men
Adult literacy rate 95.9%	Adult literacy rate 99.2%
Adult literacy index 0.959	Adult literacy index 0.992
GER ratio 75.7%	GER ratio 72.6%
GER index 0.757	GER index 0.726

The next step would be to calculate the education index, which gives two-thirds weight to literacy index and one-third weight to the GER index

$$\text{Education index (woman)} = \frac{2}{3} \text{ adult literacy rate} + \frac{1}{3} \text{ GER index} = \frac{2}{3} \cdot 0.959 + \frac{1}{3} \cdot 0.757 = 0.892$$

$$\text{Education index (men)} = \frac{2}{3} \text{ adult literacy rate} + \frac{1}{3} \text{ GER index} = \frac{2}{3} \cdot 0.992 + \frac{1}{3} \cdot 0.726 = 0.903$$

Finally, male and female education indices are combined to create the equally distributed education index

$$\text{Equally Distributed Education index} = \left[\frac{0.508}{\frac{0.892}{0.492} + \frac{0.903}{0.492}} \right]^{-1} = 0.898$$

3. Calculating equally distributed income index (GDP index)

Income index is calculated separately for men and for women. Just like in the HDI example, a logarithm value is used.

Women	Men
Estimated earned income (PPP US\$) 3,309	Estimated earned income (PPP US\$) 5,561

$$\text{GDP index (women)} = \frac{\log(4.437) - \log(100)}{\log(40.000) - \log(100)} = 0.584$$

$$\text{GDP index (men)} = \frac{\log(5.561) - \log(100)}{\log(40.000) - \log(100)} = 0.671$$

$$\text{Distributed Income index} = \left[\frac{0.508}{\frac{0.584}{0.671} + \frac{0.671}{0.671}} \right]^{-1} = 0.624$$

4. Calculating GDI

GDI is an unweighted average of three components – the Equally Distributed Life Expectancy index, Equally Distributed Education index and Equally

$$\text{GDI} = \frac{1}{3} \cdot 0.774 + \frac{1}{3} \cdot 0.898 + \frac{1}{3} \cdot 0.624 = 0.765$$

Gender Empowerment measure (GEM)

GEM measures inequalities in three areas

- Political participation and decision-making power, measured as respective participation percentage in the parliament by women and men.
- Economic participation and decision-making power, measured by two indicators – the respective percentage of participation in legislative positions, senior official positions and manager positions and respective percentage

of participation in professional and technical positions by women and men.

- Power over economic resources, measured as estimated earned income (PPP US\$) by women and men.

For each of these three dimensions an Equally Distributed Equivalent Percentage is calculated, as a population-weighted average, using the following formula:

$$EDEP = \left[\frac{\frac{\text{female population share}}{\text{female index}}}{\frac{\text{male population share}}{\text{male index}}} \right]^{-1}$$

For political and economic participation and decision making, EDEP is indexed by dividing the primary EDEP result by 50. The reason for this indexation is that in an ideal society, with equal empowerment of the sexes, GEM variables would be 50% each – that is, women’s share would be equal to men’s share for each variable.

Where a male or female index value is zero, the EDEP, according to the above formula, is not defined. However, the limit of EDEP, when the index tends towards zero, is zero. Accordingly, in these cases the value of the EDEP is set to zero.

Finally, the GEM is calculated as a simple average of the three indexed EDEPs.

Calculating GEM

This example uses Montenegrin data in (2002)

1. Calculating EDEP for parliamentary representation

EDEP for parliamentary representation measures relative power of women in term of political participation

Women	Men
Population share: 0.508	Population share: 0.492
Parliamentary share 10.67%	Parliamentary share: 89.33%

$$\text{EDEP for parliamentary representation} = \left[\frac{\frac{0.508}{10.67}}{\frac{0.492}{89.93}} \right]^{-1} = 18.83$$

$$\text{Indeksovani EDEP za parlamentarnu zastupljenost} = \frac{18.83}{50} = 0.377$$

2. Calculating EDEP for economic participation

Women	Men
Population share: 0.508	Population share: 0.492
Percentage share of positions as legislators, senior officials and managers: 21.16%	Percentage share of positions as legislators, senior officials and managers: 78.84%
Percentage share of professional and technical positions: 58.97%	Percentage share of professional and technical positions: 41.03%

$$\text{EDEP for positions as legislators, senior officials and managers} = \left[\frac{\frac{0.508}{21.16}}{\frac{0.492}{78.84}} \right]^{-1} = 33.07$$

$$\text{Indexed EDEP for positions as legislators, senior officials and managers} = \frac{33.07}{50} = 0.661$$

$$\text{EDEP for professional and technical positions} = \left[\frac{\frac{0.508}{58.97}}{\frac{0.492}{41.03}} \right]^{-1} = 48.53$$

$$\text{Indexed EDEP for professional and technical positions} = \frac{48.53}{50} = 0.971$$

EDEP for economic participation is calculated as an average of these two EDEPs

$$\text{EDEP for economic participation} = \frac{0.661 + 0.971}{2} = 0.816$$

3. Calculating EDEP for income

Earned income (PPP US\$) is estimated for women and men separately and then indexed to goalposts as with the HDI and the GDI. For the GEM, however, the income index is based on unadjusted values, not the logarithm of estimated earned income.

Women	Men
Population share: 0.508	Population share: 0.492
Estimated earned income (US\$): 3,309	Estimated earned income (US\$): 5,561

$$\text{GDP index (women)} = \frac{3.309-100}{40.000-100} = 0.080$$

$$\text{GDP index (men)} = \frac{5.561-100}{40.000-100} = 0.137$$

$$\text{EDEP for income} = \left[\frac{0.508}{0.080} + \frac{0.492}{0.137} \right]^{-1} = 0.101$$

Once the EDEP for these three dimensions is calculated, GEM is calculated as an average of these three values

$$\text{GEM} = \frac{1}{3} \cdot 0.377 + \frac{1}{3} \cdot 0.816 + \frac{1}{3} \cdot 0.101 = 0.431$$

Per capita GDP, current US dollars

Definition: GDP per capita is gross domestic product divided by mid-year population. GDP is the sum of gross value contributed by all resident producers plus any product taxes, less any subsidies not included in the value of the products.

Real GDP growth

Definition: Annual percentage growth rate of GDP at constant local currency prices. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes, less any subsidies not included in the value of the products. It is calculated without making deductions for amortization of productive capacities, or depletion and degradation of natural resources.

Growth of labour productivity

Definition: Labour productivity is defined here as the ratio of GDP in constant prices to the size of the working age population (defined as the population between ages 15 and 64 years by the World Bank). The more common calculation, based on employment, labour force and working hours, is not used here due to the fact that low participation or employment rates are themselves a structural productivity problem.

Gross fixed investment, percentage of GDP

Definition: Gross fixed investment is the value of expenditure relating to the replacement or renewal of fixed assets (buildings, machinery, equipment and similar goods)

POVERTY AND INEQUALITY

Income share held by lowest 20%

Definition: Share of total income or consumption accruing from the poorest part of the population.

Poverty headcount, national poverty line

Definition: The percentage of the population living below the national poverty line.

Data Quality: Measuring the percentage of people below the "national poverty line" has a disadvantage of limiting international comparisons. In some countries, the poverty line may be drawn at levels of income required to have only sufficient food or food plus other necessities.

ECONOMIC STRUCTURE

Labour force structure

Definition: The labour force structure measures recorded employment by major economic activity (agriculture, industry and services), as a percentage of total employment.

Production structure

Definition: The production structure is comprised of values added by major sectors of the economy (agriculture, industry, and services) as percentages of GDP. Value added is defined as the value of the gross output of producers, less the value of intermediate goods and services consumed in production, before taking account of the consumption of fixed capital in the production process.

DEMOGRAPHY AND ENVIRONMENT

Adult literacy rate

Definition: Percentage of people aged 15 and over who can, with understanding, read and write a short, simple statement regarding their daily life.

Age dependency rate

Definition: The ratio of dependents (those younger than 15 and older than 64) on the working-age population, those aged 15-64.

Urbanization rate

Definition: Middle-aged population of a country inhabiting areas defined as urban and reported to the United Nations as a percentage of the total population of a country, including all inhabitants regardless of their legal status or citizenship.

GENDER

Adult literacy rate, ratio of male to female

Definition: The ratio of adult male literacy to adult female literacy.

Gross enrolment rate, all levels of education, ratio of male to female

Definition: The ratio of the gross enrolment rate for males to that of females. The gross enrolment rate

is the ratio of total enrolments in primary, secondary and tertiary education, to the total school-age population for all three levels, assuming normal age of entry into the system, and uninterrupted education to completion.

Life expectancy, ratio of male to female

Definition: The ratio of life expectancy of men at birth (years), and the life expectancy of women at birth (years).

FISCAL AND MONETARY POLICY

Composition of government expenditure

Definition: The central government's expenditure broken down into the following categories: subsidies and other current transfers, wages and salaries, interest payments, goods and services expenditure, and investment expenditure.

Composition of government revenue

Definition: The breakdown of central government revenue sources into the following components: taxes on goods and services, income taxes, profit and capital gains, social security revenues, international trade taxes, non-tax revenue, as a percentage of total revenue.

Composition of money supply growth

Definition: This calculation identifies the sources of the year-to-year changes in the broad money supply (M2) and breaks it down into the five categories listed above.

Government expenditure, percentage of GDP

Definition: Total expenditure of the central government, as a percent of GDP.

Government revenue, as a percentage of GDP

Definition: Government revenue includes all revenue acquired by the central government, from taxes and non-repayable receipts (other than grants), measured as a share of GDP. Grants represent monetary aid going to the central government that has no repayment requirement.

Overall budget balance, including grants, as a percentage of GDP

Definition: The difference between central government's total revenue including official grants received, and total expenditure.

EXTERNAL SECTOR

Monetary aid as a percentage of Gross National Income (GNI)

Definition: Official development assistance (ODA) and official aid from non-OECD countries, as a percentage of GNI.

Concentration of exports

Definition: The percentage of the top three products which cannot be disaggregated at the same third level of aggregation SITC (Rev. 3).

Structure of merchandise exports

Definition: This indicator reflects the composition of merchandise exports by major commodity groups - food; agricultural raw materials; fuels; ores and metals; and manufactures.

ECONOMIC INFRASTRUCTURE

Internet users per 1,000 people

Definition: Internet users are defined as those with access to the world-wide network

Telephone density, fixed line and mobile

Definition: Sum of telephone mainlines and mobile phones per 1000 people, and mobile phones per 1,000 people. Land lines represent telephone mainlines connected to the public switchboard telephone network. Mobile phone subscribers refers to the group of cellular technology based phone users, with access to the public switchboard telephone network.

Telephone cost, average local call

Definition: Cost of local call is the cost of a three-minute, peak rate, fixed line call within the same area code using the subscriber's equipment (that is, not from a public phone).

HEALTH

HIV prevalence rate

Definition: Percentage of people ages 15-49 who are infected with HIV.

Life expectancy at birth

Definition: Life expectancy at birth indicates the number of years a newborn infant would live on average, if the prevailing patterns of mortality at the time of his or her birth, were to stay unaffected throughout his or her life.

Maternal mortality rate

Definition: The number of women who die during pregnancy and childbirth, per 100,000 live births.

Child immunization rate

Definition: Percentage of children under one year of age receiving vaccination coverage for four diseases-measles; diphtheria; pertussis (whooping cough); and tetanus (DDPT).

Prevalence of child malnutrition, weight for age

Definition: Percentage of children under five, whose weight, in respective age, deviates more than minus two below the median international standard deviation reference, population ages 0-59 months.

Public health expenditure, percent of GDP

Definition: Public health expenditure consists of recurrent and capital spending from government (central and local) budgets, external borrowings, and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds.

EDUCATION**Net primary enrolment rate - female, male and total**

Definition: The proportion of the population of officially required age for primary, secondary or tertiary education, according to national regulations, who are enrolled in primary schools. Primary education provides children with basic reading, writing, and mathematics skills, along with an elementary understanding of subjects such as history, geography, natural science, social science, art, and music.

Youth literacy rate

Definition: The percent of people ages 15-24 who can, with understanding, read and write a short, simple statement regarding their everyday life.

Expenditure on primary education, percent GDP

Definition: Total expenditures on education by all levels of government.

Educational expenditure per student, percentage GDP per capita – Primary, Secondary and Tertiary

Definition: Public expenditure per student (primary, secondary or tertiary) representing current public spending on education, divided by the total number of students at all levels, as a percentage of GDP per capita.

EMPLOYMENT AND WORKFORCE**Labour force participation rate – total, male, female**

Definition: The percentage of the working age population that is in the labour force. The labour force is comprised of people who meet the International Labour Organization definition of an economically active population: all people who supply labour for the production of goods and services during a specified period. The definition includes both the employed and the unemployed.

Size and growth of the labour force

Definition: Magnitude of the labour force, and the annual percent change. Labour force is comprised of people who meet the International Labour Organization definition of the economically active population: all people who supply labour for the production of goods and services during a specified period. The definition includes both the employed and the unemployed. While national practices vary in the treatment of such groups, as for example, the treatment of the armed forces and seasonal or part-time workers, in general the labour force includes the armed forces, the unemployed and first-time job-seekers, but the definition excludes homemakers and other unpaid caregivers and workers in the informal sector.

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