RELEASE *123/2024*

Preliminary data

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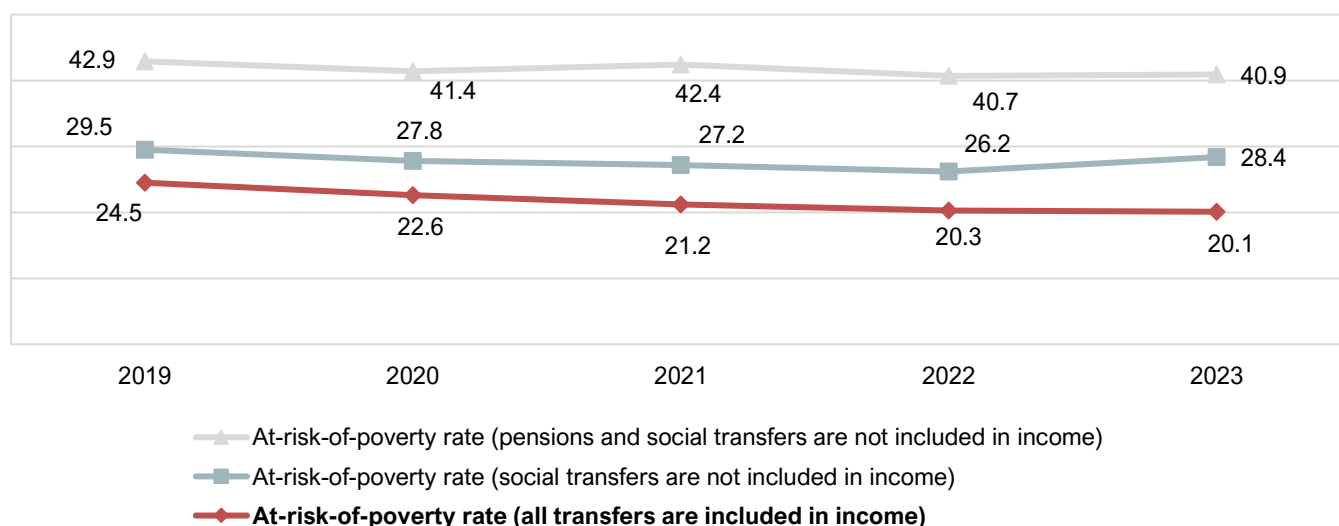# Survey on Income and Living Conditions (EU-SILC)

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2023

Survey on income and living conditions is an annual survey regularly implemented by Statistical Office from 2013. The data collected with this survey represent the basis for calculating indicators of poverty and social exclusion for Montenegro. The indicators are based on the concept of relative poverty, which takes into account the disposable income of household, the number of household members (household size) and the distribution of income within the population. EU-SILC survey is, at the EU level, a required source for monitoring statistics on income, poverty, and social exclusion, in order to ensure comparable data both for every country, and at the EU level as total.

The indicators of poverty and social exclusion published in this release were calculated on the basis of data obtained from the survey conducted in 2023.

The reference period to which the data relates is different and depends on the type of data that are collected, so the reference period for income data is the previous calendar year, i.e. 2022. and for the material deprivation data is the moment of the survey, i.e. 2023.
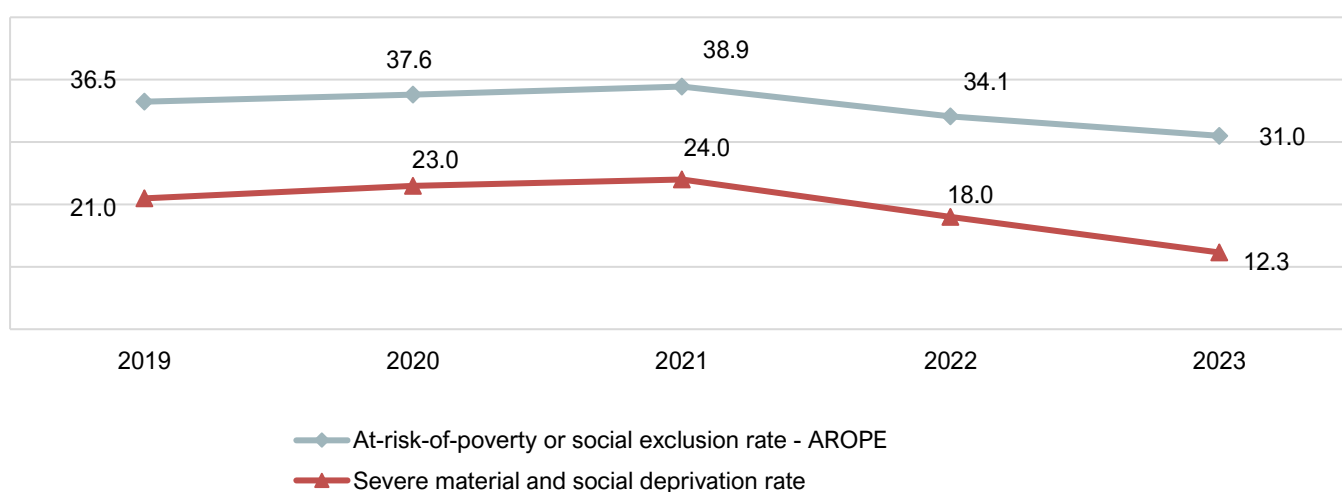
Graph 1. At-risk-of-poverty rate, 2019 - 2023, in %

- At-risk-of-poverty rate (pensions and social transfers are not included in income)
- At-risk-of-poverty rate (social transfers are not included in income)
- **At-risk-of-poverty rate (all transfers are included in income)**

At-risk-of-poverty rate in 2023 was 20.1%, which represents a share of persons whose equivalised disposable income is below at-risk-of-poverty threshold. These persons are not necessarily poor, they are just at higher risk to be, because their equivalised disposable income is below at-risk-of-poverty threshold.

Comparing the basic at-risk-of-poverty rate and **at-risk-of-poverty rate before including social transfers**, in 2023, it shows that excluding social transfers from income affects the increase in the percentage of people who are at the risk of poverty, from basic 20.1% to 28.4%. If social transfers and pensions are excluded from income, then the at-risk-of-poverty rate is 40.9%.

Graph 2. At-risk-of-poverty or social exclusion rate (AROPE), and severe material and social deprivation rate, 2019 - 2023, in %

At-risk-of-poverty or social exclusion rate (AROPE), as a percentage of people at risk of poverty and/or are severe materially and socialy deprived and/or live in households with very low work intensity, in 2023 was 31.0%.

Severe material and social deprivation rate, in 2023 was 12.3% and it shows the proportion of persons living in households that cannot afford at least seven out of thirteen material deprivation items.

Table 1. Other indicators of poverty and social exclusion, 2019 - 2023

	2019	**2020**	**2021**	**2022**	**2023**
At-risk-of-poverty threshold at the annual level, EUR					
One-person household	2 261	2 347	2 278	2 576	3 367
Household with two adults and two children aged under 14 years	4 748	4 928	4 784	5 409	7 070
Relative at risk of poverty gap, %	33.1	28.2	29.5	29.5	28.0
Quintile ratio (S80/S20)	6.7	6.0	5.8	5.6	5.1
Gini coefficient	34.1	32.9	32.5	31.5	29.4

At-risk-of-poverty threshold, set to 60% of the median of national equivalised disposable income, in 2023 at annual level was 3 367 euro for one-person household, while for household with two adult persons and two children under 14 years aged, was 7 070 euro.

Relative at-risk-of-poverty gap represents a difference between the at-risk-of-poverty threshold and the median of equivalised income of the persons below the-risk-of-poverty threshold, and in 2023 was 28.0%.

Quintile ratio (S80/S20) in 2023 was 5.1, which indicates that 20% of citizens with the highest income (the fifth quintile) had 5 times more income than 20% of citizens with the lowest income (the first quintile).
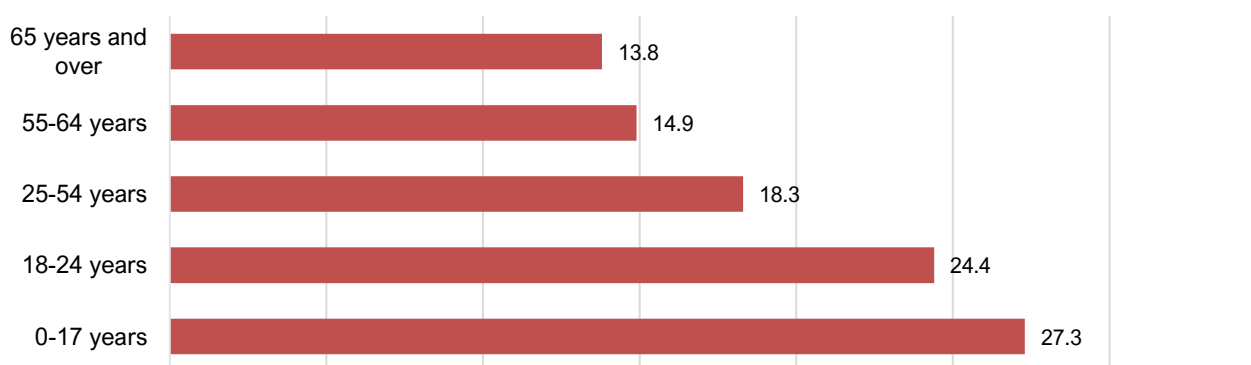
Gini coefficient, as indicator of income inequality (on a scale from 0 – fully equality to 100 – fully inequality), in 2023 was 29.4.

Table 2. At-risk-of-poverty rate by household type, 2021 - 2023, in %

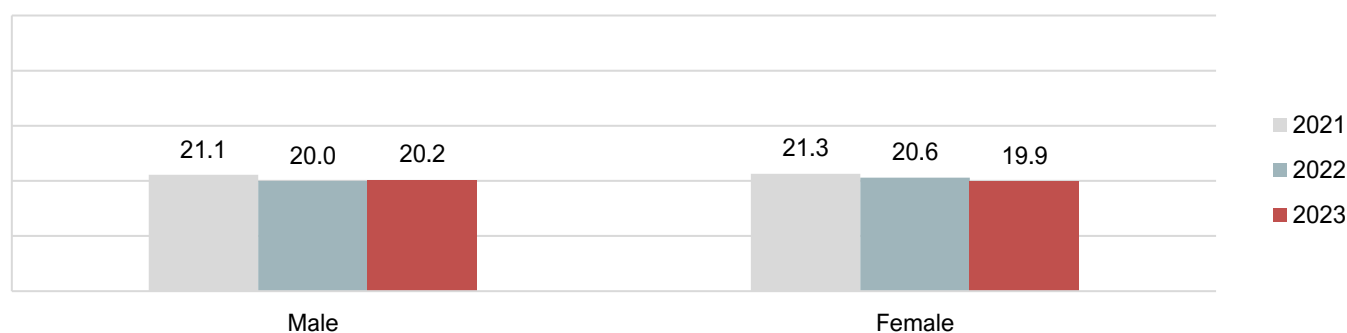|	2021	2022	2023
Households without dependent children[1]	**12.7**	**10.1**	**11.3**
Single-person household	14.9	14.8	14.5
Two adults, both under 65 years of age	17.1	12.8	8.5
Two adults, at least one aged 65 years and over	13.9	12.9	14.1
Other households without dependent children	10.3	6.9	10.0
Households with dependent children	**25.5**	**25.2**	**24.2**
One adult with at least one dependent child	47.4	47.9	44.7
Two adults with one dependent child	11.9	14.1	17.0
Two adults with two dependent children	20.3	18.1	17.5
Two adults with three or more dependent children	44.8	37.6	36.5
Two or more adults with dependent children	24.9	24.5	23.4
Other households with dependent children	19.8	22.8	20.9

According to the type of the household, in 2023 the highest at-risk-of-poverty rate was for persons in households consisted of one adult with at least one dependent child (44.7%), then persons in households consisted of two adults with three or more dependent children (36.5%).

Graph 3. At-risk-of-poverty rate by age, 2023, in %

According to age, in 2023, persons under 18 years old, were the most exposed to the risk of poverty (27.3%), as well as persons aged 18 to 24 (24.4%). The lowest at-risk-of-poverty rate was for persons aged 65 years and over (13.8%).

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[1] Dependent child is a term that refers to all persons aged less than 18, as well as persons aged 18 to 24 who live with at least one parent and are economically inactive.
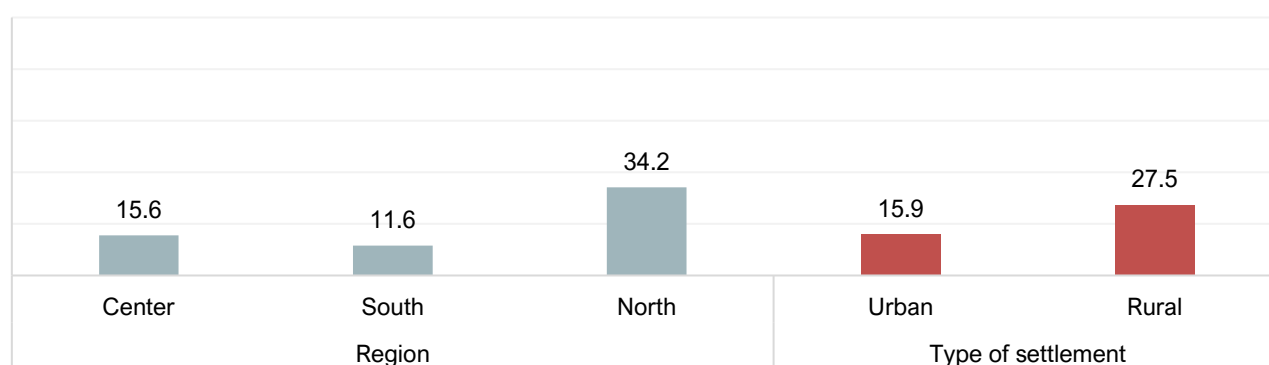
Graph 4. At-risk-of-poverty rate by sex, 2021 - 2023, in %

In 2023, at-risk-of-poverty rate of men was 20.2%, and rate of women was 19.9%.

Table 3. At-risk-of-poverty rate by the most frequent activity status (18 years and over), 2021 - 2023, in %

	2021	**2022**	**2023**
Employed at employer	5.0	5.1	5.0
Self-employed	15.7	10.2	12.0
Unemployed	40.2	40.3	40.6
Pensioners	12.2	12.0	11.5
Other inactive	28.8	27.2	28.3

Depending on the most frequent activity status, for persons aged 18 and over, the lowest at-risk-of-poverty rate was for employed at employer (5.0%), while unemployed were exposed to the highest risk of poverty (40.6%).

Graph 5. At-risk-of-poverty rate by regions and type of settlement, 2023, in %

In 2023, 34.2% of population of Northern region was at risk of poverty, while population of South region had the lowest risk of poverty 11.6%.
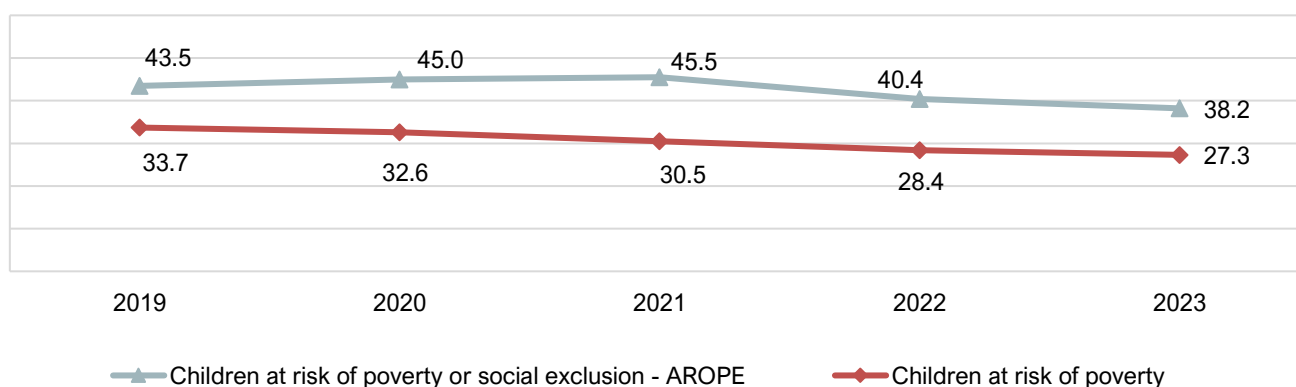
The risk of poverty in 2023, is present for almost every third resident of rural areas (27.5%). At-risk-of-poverty rate in urban area was 15.9% in 2023.

Table 4. Material and social deprivation indicators, 2021 - 2023, in %

	2021	2022	2023
Percentage of persons living in household that suffer from:			
inability to keep home adequately warm	18.0	13.9	13.3
inability to afford a one-week annual holiday away from home	67.2	63.9	58.2
inability to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day	20.5	19.0	11.3
inability to face unexpected financial expenses	61.6	59.6	49.3
being in arrears with mortgage or rent payments, utility bills or hire purchase	31.8	30.6	29.9
Ability to make ends meet:			
with great difficulty	26.5	22.7	15.1
with difficulty	34.4	27.4	22.7
with some difficulty	27.6	34.8	40.9
fairly easily	8.0	10.7	13.4
easily	2.6	3.9	7.2
very easily	0.9	0.6	0.8

Data from the Survey on Income and Living Conditions in 2023 shows that the highest percentage of persons (58.2%) lives in households which cannot afford a one-week annual holiday away from home, while the lowest percentage of persons (11.3%) live in households which cannot afford a meal with meat, chicken, fish (or vegeterian equivalent) every second day.

Ability to make ends meet, as indicator of subjective poverty, shows that in 2023, 15.1% of persons live in households that make ends meet with great difficulty, while 0.8% of them live in households that make ends meet very easily.

Graph 6. Poverty and social exclusion indicators of children (0-17 years old), 2019 - 2023, in %

EU-SILC survey data for 2023, shows that 27.3% of children 0 to 17 years old were in the risk of poverty.

The percentage of children in the risk of poverty or social exclusion is an indicator which shows how many children who are in the risk of poverty and/or in severe material and social deprivation and/or live in households with very low work intensity. In 2023, this indicator was 38.2%.

METHODOLOGICAL EXPLANATIONS

Survey on income and living conditions (EU-SILC) is an annual survey regularly implemented by Statistical Office from 2013. The Survey is aligned with the EU regulations and methodology of Eurostat, required for this field of statistics. EU-SILC is a required source at the EU level for monitoring and comparing statistics on income, poverty and social exclusion.

Household means group of persons living together, spending their income on food and together spending earned income, regardless of whether all members are located in a place where the household is inhabited or some of them stay for a long time in another settlement or a foreign country, for work, studying or for other reasons. Also, household means an individual who lives, earns and spends his/her income alone.

Disposable income of household is the income, after paid tax and contributions, available to household for spending and saving. It includes cash income from work, income from capital, pensions, social and other transfers received by households from persons who are not household members. Income defined like this does not include value of household production for own needs, benefits in kind and savings and received gifts. Income from the production of goods for its own needs implies the value of food and drinks that the household only produces and consumes for its own needs.

Equivalised disposable income is the disposable household income evenly distributed among the members of the household according to the modified OECD equivalence scale. It is calculated when total disposable household income is divided with the equivalent size of a household that is calculated on the basis of a modified OECD scale. The procedure is used for determining the equal share of each household member in acquiring a common income. Thus, the amount of income per equivalent adult is given to each member of the household, either adults or children.

The modified OECD equivalency scale (Organisation for Economic co-operation and Development) is used in order to make the living standard for households different by size and structure comparable, by which disposable household income is reduced to the income per equivalent adult. Such equivalised disposable income is the total disposable income of household corrected based on size and structure of household. The total disposable income of

According to this scale, the first adult member of the household receives a value of 1, the every other adult aged 14 and over value 0.5 and children under 14 receive a value of 0.3.

At-risk-of-poverty threshold (relative poverty line) represents 60% of the median of national equivalised disposable income of all households and it is presented in euros.

At-risk-of-poverty rate represents a share of persons whose equivalised disposable income is below the at risk of poverty threshold. The at-risk-of-poverty rate does not show how many people are really poor, but how many have income below the at-risk-of-poverty threshold.

At-risk-of-poverty rate before social transfers is calculated based on income that is reduced by the value of social transfers and pensions. This indicator is used in combination with the basic at-risk-of-poverty rate to measure the impact of social transfers on the risk of poverty.

Relative at-risk-of-poverty gap represents a difference between the at-risk-of-poverty threshold and the median of equivalised income of the persons below the-risk-of-poverty threshold.

Quintiles - are observed in the distribution of population ranked by some feature in 5 equal parts (each part contains 1/5, or 20% of the population).

Quintile share ratio (S80/S20) compares the total equivalised disposable income of the upper income quintile (20% of the population with the highest equivalised income) with those from the lower income quintile (20% of the population with the lowest equivalised income). It is an indicator of income inequality which measures the relationship between the first, and fifth income distribution quintal.

Gini coefficient in this survey represents the measure of inequality in the distribution of equivalised disposable income. The value of this coefficient goes within the interval from 0 to 100, where 0 represents perfect equality, i.e. each person in society has equal income. The closer to 100 the value is, the income inequality is higher.

At-risk-of-poverty or social exclusion rate (AROPE) shows the share of individuals (in the total population) who are at risk of poverty and/or are severely materially, and socially deprived and/or live in households with very low work intensity.

In 2021, AROPE indicator is modified in accordance with new goal EU 2030.

Material and social deprivation rate is an indicator of financial inability of a household to afford at least 5 out of 13 possible items of material and social deprivation.

Severe material and social deprivation rate is an indicator of financial inability of a household to afford at least 7 out of 13 possible items of material and social deprivation.

The material and social deprivation items are the following:

1) Ability to keep home adequately worm;
2) Replacing worn-out furniture;
3) Have access to a car/van for personal use;
4) Capacity to afford paying for one-week annual holiday away from home;
5) Capacity to face unexpected expenses;
6) Capacity to afford a meal with meat, chicken, fish or vegetarian equivalent every second day;
7) Capacity to being confronted with payment arrears (on mortgage or rental payments, utility bills, hire purchase instalments or other loan payments);
8) Having internet connection;
9) Replacing worn-out clothes by some new ones;
10) Having two pairs of properly fitting shoes (including a pair of all-weather shoes);
11) Spending a small amount of money each week on him/herself;
12) Having regular leisure activities;
13) Getting together with friends/family for a drink/meal at least once a month.

Work intensity represents a ratio between total number of months in which all working-age household members have worked during the income reference year and the total number of months the same household members theoretically could have worked in the same period. Working-age persons are the persons from 18-64 years, but excluding students aged 18-24 and people who are retired according to their self-defined current economic status or who receive any pension (except survivors' pension), as well as people in the age bracket 60-64 who are inactive and living in a household where the main income is pensions. The work intensity is defined as very low (0-0.20), low (0.20-0.45), medium (0.45-0.55), high (0.55-0.85) and very high (0.85-1).

The most frequent activity status represents the status of persons aged over 17 years which lasted over six months in the year preceding the year of survey.

Region South includes municipalities: Bar, Budva, Herceg Novi, Kotor, Tivat i Ulcinj.

Region Center includes: Mayor of the Capital Podgorica, Historical Capital Cetinje and municipalities Danilovgrad, Nikšić i Tuzi.

Region North includes municipalities: Andrijevica, Berane, Bijelo Polje, Gusinje, Kolašin, Mojkovac, Petnjica, Plav, Pljevlja, Plužine, Rožaje, Šavnik i Žabljak.

When using the data, state:
"Data source: Statistical Office - MONSTAT"

*More data, as well as detailed methodological notes can be found in the section: **Survey on income and living condtion***

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