



**MONTENEGRO  
STATISTICAL OFFICE OF  
MONTENEGRO**

**SOCIAL PROTECTION IN MONTENEGRO  
(ESSPROS)**

<b>89</b>	<b>METHODOLOGICAL GUIDLINES</b>	<b>89</b>
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## **LEGAL BASIS**

The legal basis for the implementation of statistical survey Social protection in Montenegro (ESSPROS Methodology) is the Law on Official Statistics and Official Statistical System of Montenegro (Official Gazette of Montenegro No 18/12, 047/19) and Annual Plan of Statistical Survey for 2021 (Official Gazette of Montenegro No 7/21).

## **METHODOLOGICAL BASIS**

### **1. The aim and contents of survey**

The ESSPROS (The European System of Integrated Social Protection Statistics) is a harmonized system that serves as an instrument for analysis and comparison of financial flows of social protection. The objectives of the ESSPROS are to provide comprehensive and coherent description of the social protection in the EU Member States and candidate states for the membership in the European Union, covering social benefits and their financing, focusing on international comparability and harmonising with other statistics.

The survey provides: statistical indicators of social protection expenditure at the level of the entire system of social protection; share of social protection expenditure in some aggregates (e.g. gross domestic product); information about social protection benefits; method of their financing, etc.

### **2. Sources and methods of data collection**

The data sources are administrative data collected by reporting units, i.e. annual financial reports on work of reporting units.

Reporting units are services dealing with finances of administrative data sources which have jurisdiction over the observation unit. The data are collected at the annual level.

Reporting units for ESSPROS are:

1. Ministry of Finance and Social Welfare of Montenegro,
2. Pension and Disability Insurance Fund of Montenegro,
3. Health Insurance Fund of Montenegro,
4. Employment Agency of Montenegro,
5. Revenue and Customs Administration of Montenegro,
6. Labour Fund of Montenegro,
7. Local self-governments,
8. Ministry of Agriculture, Forestry and Water Management.

### 3. Observation units

Observation unit is a social protection scheme. A social protection scheme is a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing. Social protection schemes should at all times meet the condition that it must be possible to produce a separate account of receipts and expenditures and, preferably, are chosen in such a way that they provide the protection against a single risk or need and cover a single specific group of beneficiaries.

The schemes of social protection are classified into appropriate categories on the basis of the five given criteria:

1. Decision making - refers to the unit that takes the most important decisions. According to this criterion, the schemes of social protection may be government-controlled or not government-controlled.
2. Legal enforcement - refers to the rules laid down by legislation concerning the membership of the protected people. According to this criterion, the schemes of social protection may be compulsory schemes or non-compulsory schemes. Compulsory schemes are social protection schemes where the membership is made compulsory by the government. Non-compulsory schemes are all social protection schemes where the membership is not made compulsory by government.
3. Establishment of entitlements - refers to the basis on which the protected person is eligible for social benefits. According to this criterion, the schemes of social protection may be contributory or non-contributory schemes.
4. Scope of the scheme (coverage) - refers to the part of the population which is protected (the entire population), all or the majority of workers or specific sections of the population. According to this criterion, the schemes of social protection may be universal, general or special.
  - Universal schemes are schemes which apply to the whole population, implying that all residents or nationals, irrespective of their socio-professional status, are eligible to receive social benefits upon the materialisation of specific risks or needs.
  - General schemes are those which apply to the totality or the preponderance of the economically active population.
  - Special schemes are schemes designed to protect specific, restricted section of the population.
5. Level of protection – refer to level of protection that a scheme provides. According to this criterion, the schemes of social protection may be basic or supplementary.
  - Basic schemes are social protection schemes that guarantee a basic level of protection.
  - Supplementary schemes are social protection schemes that top up cash benefits granted by the basic scheme, extend the coverage of the basic scheme, or replace the basic scheme where conditions for entitlement to the basic scheme are not fulfilled.

The observation units (social protection schemes) are defined by the following laws and secondary legislation:

1. The Law on Pension and Disability Insurance (Official Gazette of Republic Montenegro No 054/03, 039/04, 061/04, 079/04, 081/04, 029/05, 014/07, 047/07, Official Gazette of Montenegro No 012/07, 013/07, 079/08, 014/10, 078/10, 034/11, 039/11, 040/11, 066/12, 036/13, 038/13, 061/13, 006/14, 060/14 060/14, 010/15, 044/15, 042/16, 055/16),
2. The Law on Obligatory Health Insurance (Official Gazette of Montenegro No 006/16, 002/17, 022/17 013/18, 067/19),
3. The Law on Employment Mediation and Unemployment Rights (Official Gazette of Montenegro No 024/19),
4. The Law on Labour Fund (Official Gazette of Montenegro No 088/09, 039/11, 039/15, 052/16),
5. The Labour Law (Official Gazette of Montenegro No 074/19),
6. The Law on Professional Rehabilitation and Employment of persons with disabilities (Official Gazette of Montenegro No 049/08, 073/10, 039/11, 055/16),
7. The Law on Social and Child Protection (Official Gazette of Montenegro No 027/13, 001/15, 042/15, 047/15, 056/16, 066/16, 001/17, 031/17, 042/17, 050/17),
8. The Law on Rights of Veterans, Disabled Veterans and Their Families (Official Gazette of Republic Montenegro No 069/03, Official Gazette of Montenegro No 021/08, 073/10, 040/11, 001/15, 052/16),
9. The Law on Privileges of Disabled Persons in Internal Passengers Transport (Official Gazette of Montenegro No 080/08, 040/11, 010/15, 050/17),
10. The Decision on the Rights from the Social and Child Protection at the level of local self-governments,
11. Rulebook on Conditions and Procedure for Achieving Rights on One-off Cash Benefits at the level of local self-governments,
12. Decision on Payment of One-off Cash Benefits for new-born's Equipment at the level of local self-governments,
13. Government Decision - The scheme and instructions on the procedure and manner of implementation of the scheme of subvention on electricity,
14. Rulebook on Conditions of Accommodation and Manner of securing Accommodation of Asylum Seeker and Foreigners Under Subsidiary Protection,
15. Law on International and Temporary Protection of Foreigners (Official Gazette of Montenegro No 002/17),
16. Rulebook on Manner of Exercising Rights of Displaced Persons from former Yugoslav Republics and Internally Displaced Persons from Kosovo with Residence in Montenegro (Official Gazette of Montenegro No 036/15, 045/17),
17. Law on Contributions for Compulsory Social Insurance (Official Gazette of Montenegro No 13/07, 79/08, 86/09, 78/10, 14/12, 62/13, 008/15, 022/17, 042/19),
18. Decision on Detailed Requirements and Procedure for Payment of Old Age Benefits for Farmers (Official Gazette of Montenegro, No 52/15, 004/16, 021/17),
19. The Law on Personal Income Tax (Official Gazette of Montenegro, No 086/09, 073/10, 040/11, 014/12, 006/13, 062/13, 060/14 079/15, 083/16, 067/19).

#### 4. Coverage

According to the ESSPROS methodology at the level of Montenegro, twenty social protection schemes have been defined:

##### Schemes of social protection

- **Compulsory pension and disability insurance scheme (general conditions)**  
*The programme covers rights arising from the general and "special conditions" of pension and disability insurance, implemented by the Pension and Disability Insurance Fund of Montenegro. The programme is financed from social contributions, partly from the state budget and other receipts.*
- **Compulsory health insurance scheme**  
*The programme covers the rights arising from the compulsory health insurance of Montenegro implemented by the Health Insurance Fund. It is financed from social contributions, partly from the state budget and other receipts.*
- **Employment and unemployment insurance scheme**  
*The programme covers the rights arising from the compulsory unemployment insurance implemented by the Employment Agency of Montenegro. The programme is financed from social contributions for unemployment insurance, the budget of Montenegro and other receipts.*
- **Insurance of rights in case of bankruptcy or redundancies**  
*The programme covers the rights to the payment of unpaid receivables of employees, whose employment was terminated due to the initiation of bankruptcy with the employer. The programme is implemented by the Labour Fund of Montenegro, and is financed from social contributions, partly from the budget of Montenegro and other receipts.*
- **Professional rehabilitation and employment of persons with disabilities**  
*The programme covers the rights to professional rehabilitation and employment of persons with disabilities. The programme is implemented by the Fund for Professional Rehabilitation of Persons with Disabilities. It is financed from a special contribution paid by employers, partly from the state budget, local government budgets and other receipts.*
- **Basic material benefits within social welfare**  
*The programme covers the right to basic material benefits in social protection (material security allowance, allowance for care and assistance, personal disability allowance, etc.). The program is implemented by the Ministry of Finance and Social Welfare and financed from the state budget.*

- **Basic material benefits within child welfare**  
*The programme covers the rights to basic material benefits within child welfare (new-born child benefits, child allowance, food costs in preschool institutions, benefits for mothers with three or more children, etc.). The program is implemented by the Ministry of Finance and Social Welfare and is financed from the state budget.*
- **Social and child protection services**  
*The programme covers rights to social and child protection services (family accommodation and foster care, accommodation in institutions for the elderly, institutions for persons with disabilities, etc.). The program is implemented by the Ministry of Finance and Social Welfare and is financed from the state budget.*
- **Scheme of veteran and disabled protection (the rights of war veterans, deceased war veterans, war invalids, civil war invalids and members of their families)**  
*The programme covers the rights of war veterans, deceased war veterans, war invalids, civilian war invalids and members of their families. The program is implemented by the Ministry of Finance and Social Welfare and financed from the state budget.*
- **Scheme of individual farmers**  
*The programme covers the rights to individual farmers. The programme is implemented by the Ministry of Agriculture, Forestry and Water Management and is financed from the state budget.*
- **Employers' scheme (paid-sick)**  
*The programme covers salary compensations to employees during temporary incapacity for work for up to 60 days paid by employers. The programme is financed by direct payments from employers.*
- **Privileges of disabled persons in internal passenger transport**  
*The programme covers the right to benefits on internal passenger transport of persons with disabilities, which is implemented by the Ministry of Finance and Social Welfare. The programme is financed from the state budget.*
- **Social assistance at local level – Podgorica**  
*The programme covers benefits (paid on a single occasion), public kitchen expenses, gift packages for new-born children, children rest and recreation of children, assistance and care for the elderly, and housing support. The programme is financed from the budget of the Capital and implemented by the Capital.*
- **Social assistance at local level - other municipalities in Montenegro**  
*The programme covers the rights to benefits paid on a single occasion, benefits for new-born children, assistance and care for the elderly, rest and recreation of children, etc. The programme is implemented by local self-government units and financed from their budgets.*

- **Subsidy for electricity**  
*The programme covers the right to subsidy for electricity bills financed from the state budget. The programme is implemented by the Ministry of Finance and Social Welfare.*
- **Social benefits to persons granted refugee status and seeking asylum**  
*The programme covers the rights related to accommodation and other rights of asylum seekers, displaced persons from the former Yugoslav republics and internally displaced persons from Kosovo. The programme is financed from the state budget, donations, and other receipts.*
- **Social protection of employers excluding paid-sick leave**  
*The programme includes the costs of employers based on the rights of employees defined by law or collective agreements (redundancy compensation, solidarity assistance, etc.).*
- **Compulsory pension and disability insurance scheme (special rights) - special groups of civil servants**  
*The programme covers the rights related to "special conditions" of pension and disability insurance, which is implemented by the Pension and Disability Insurance Fund of Montenegro, and refers to specific categories of civil servants. The program is financed from the employers' social contributions.*
- **Compulsory pension and disability insurance scheme (special rights) - workers in coal mines**  
*The programme covers the rights related to "special conditions" of pension and disability insurance, which is implemented by the Pension and Disability Insurance Fund of Montenegro, and refers to workers in coal mines. The program is financed from the employers' social contributions.*
- **Compulsory pension and disability insurance scheme (special rights) - parent or guardian of a child with a severe disability**  
*The programme covers the rights related to "special conditions" of pension and disability insurance, which is implemented by the Pension and Disability Insurance Fund of Montenegro, and refers to parent or guardian of a child with a severe disability. The program is financed from the employers' social contributions.*

## 5. Definitions of main indicators

Social protection comprises all interventions from public or private bodies intended to relieve households and individuals of the financial burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal, nor an individual arrangement involved (intervention where the recipient of social protection is obliged to provide simultaneously something of equivalent value in exchange).



In core system, social benefits are classified according to function and type. The function of social benefit refers to the primary purpose for which social protection is provided, irrespective of legislative or institutional provisions. Risks or needs in the ESSPROS are expressed in this methodology as function, so the social protection schemes are listed below:

**Sickness/Healthcare** - implies income maintenance and support in cash in connection with physical or mental illness, excluding disability. Health care is intended to maintain restore or improve the health of the people protected irrespective of origin of the disorder.

**Disability** - implies support in cash or kind (except health care) in connection with the inability of physically or mentally disabled people to engage in economic and social activities.

**Old age** - implies income maintenance and support in cash or kind (except health care) in connection with old age.

**Survivors** - implies income maintenance and support in cash or kind in connection with the death of a family member.

**Family/Children** - implies support in cash or kind (except healthcare) in connection with the costs of pregnancy, childbirth and adoption, bringing up children and caring for other family members.

**Unemployment** - implies income maintenance and support in cash or kind in connection with unemployment.

**Social exclusion not elsewhere classified** - implies benefits in cash or kind (except healthcare) specifically intended to combat social exclusion where they are not covered by one of the other functions. The type of social benefit refers to the form in which protection is provided.

Expenditures for social protection are classified according to type, indicating nature of, or reason for the expenditure, including social protection benefits, administrative costs and other expenditures.

**Social benefits** consist of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of a defined set of risks or needs. Social benefits are divided into benefits with regard to whether they are means-tested or not. By type of social benefits can be regard to cash or in kind. Social benefits in cash relate to cash payments, while social benefits in kind relate to reimbursements and directly provided goods and services.

**Administration costs** means the costs charged to the scheme for management and administration thereof. It covers the costs of registering users, collecting contributions, administering fees, inspecting, reinsurance, financial management, general overheads, etc.

**Other expenditure** means miscellaneous expenditure by social protection schemes.

## **6. Harmonization with EU regulations and recommendations**

Data collection on social protection is fully compliant with methodological recommendations and standards specified in the legal regulations of Eurostat (European Statistical Office), thus providing an international data comparability. Definitions and recommendations which have been used are covered by the following regulations: (The European Parliament and Council Regulation No 458/2007, Commission Regulation No 1322/2007, Commission Regulation No 10/2008, Commission Regulation No 110/2011, Commission Regulation No 263/2011, ESSPROS Methodology (European system of integrated social protection statistics ESSPROS - 2019 edition, Compendium of methodological clarifications ESSPROS: European system of integrated social protection statistics – 2021 edition).

## **7. Confidentiality**

Data obtained from reporting units represent an official secret and used only for statistical purposes and cannot be published or made available to any user. The results of the survey are published at the aggregated level and the privacy of the individual data is completely ensured.

## **8. Organisation of survey**

In accordance with the Plan and Programme of Statistical Surveys, the organization of the survey refers to preparation of questionnaires and instructions to the reporting units, collection, processing and dissemination of data.

## **9. Dissemination**

Social protection in Montenegro (ESSPROS methodology) is published in accordance with the 2019 Statistical Release Calendar in form of an annual release on the website of Statistical Office of Montenegro, [www.monstat.org](http://www.monstat.org). The data are collected from reporting units at the annual level and they are published at the level of Montenegro. The data are available from 2016 can be found on the website of the Statistical Office of Montenegro, link:

<http://www.monstat.org/cg/page.php?id=1874&pageid=1705>

#### **10. Revision of data**

The data collected within ESSPROS survey may be subject to revision, due to discovering new data sources, improvements in usage of existing data sources, as well as a result of further harmonisation with the ESSPROS methodology. From 2017, a new social protection programme has been included that refers to the Social Protection of Employers while in 2018, Compulsory pension and disability insurance scheme (special rights) - special groups of civil servants, Compulsory pension and disability insurance scheme (special rights) - workers in coal mines and Compulsory pension and disability insurance scheme (special rights) - parent or guardian of a child with a severe disability.

**ANNEX**

Function:	Reporting units:	Legal basis:
<b>Sickness/Healthcare</b>	<b>Health Insurance Fund of Montenegro and Revenue and Customs Administration of Montenegro</b>	The Law on Obligatory Health Insurance (Official Gazette of Montenegro No 006/16, 002/17, 022/17 013/18, 067/19).
<b>Disability</b>	<b>Pension and Disability Insurance Fund of Montenegro, Fund for Professional rehabilitation and employment of persons with disabilities, Ministry of Finance and Social Welfare of Montenegro, Local self-governments</b>	The Law on Pension and Disability Insurance (Official Gazette of Republic Montenegro No 054/03, 039/04, 061/04, 079/04, 081/04, 029/05, 014/07, 047/07, Official Gazette of Montenegro No 012/07, 013/07, 079/08, 014/10, 078/10, 034/11, 039/11, 040/11, 066/12, 036/13, 038/13, 061/13,006/14, 060/14 060/14, 010/15, 044/15, 042/16, 055/16), The Law on Professional Rehabilitation and Employment of persons with disabilities (Official Gazette of Montenegro No 049/08, 073/10, 039/11, 055/16), The Law on Privileges of Disabled Persons in Internal Passengers Transport (Official Gazette of Montenegro No 080/08, 040/11, 010/15, 050/17), The Law on Social and Child Protection (Official Gazette of Montenegro No 027/13, 001/15, 042/15, 047/15, 056/16, 066/16, 001/17, 031/17, 042/17, 050/17), The Law on Rights of Veterans, Disabled Veterans and Their Families (Official Gazette of Republic Montenegro No 069/03, Official Gazette of Montenegro No 021/08, 073/10, 040/11, 001/15, 052/16), The Decision on the Rights from the Social and Child Protection at the level of local self-governments.
<b>Old age</b>	<b>Pension and Disability Insurance Fund of Montenegro, Ministry of Finance and Social Welfare of Montenegro, Ministry of Agriculture, Forestry and Water Management, Local self-governments, Revenue and Customs Administration of Montenegro</b>	The Law on Pension and Disability Insurance (Official Gazette of Republic Montenegro No 054/03, 039/04, 061/04, 079/04, 081/04, 029/05, 014/07, 047/07, Official Gazette of Montenegro No 012/07, 013/07, 079/08, 014/10, 078/10, 034/11, 039/11, 040/11, 066/12, 036/13, 038/13, 061/13,006/14, 060/14 060/14, 010/15, 044/15, 042/16, 055/16), The Law on Social and Child Protection (Official Gazette of Montenegro No 027/13, 001/15, 042/15, 047/15, 056/16, 066/16, 001/17, 031/17, 042/17, 050/17), The Law on Rights of Veterans, Disabled Veterans and Their Families (Official Gazette of Republic Montenegro No 069/03, Official Gazette of

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		Montenegro No 021/08, 073/10, 040/11, 001/15, 052/16), Decision on Detailed Requirements and Procedure for Payment of Old Age Benefits for Farmers (Official Gazette of Montenegro No 52/15, 004/16, 021/17)), The Law on Personal Income Tax ( Official Gazette of Montenegro, No 086/09, 073/10, 040/11, 014/12, 006/13, 062/13, 060/14 079/15, 083/16, 067/19), The Decision on the Rights from the Social and Child Protection at the level of local self-governments.
<b>Survivors</b>	<b>Pension and Disability Insurance Fund of Montenegro, Ministry of Finance and Social Welfare of Montenegro</b>	The Law on Pension and Disability Insurance (Official Gazette of Republic Montenegro No 054/03, 039/04, 061/04, 079/04, 081/04, 029/05, 014/07, 047/07, Official Gazette of Montenegro No 012/07, 013/07, 079/08, 014/10, 078/10, 034/11, 039/11, 040/11, 066/12, 036/13, 038/13, 061/13,006/14, 060/14 060/14, 010/15, 044/15, 042/16, 055/16), The Law on Social and Child Protection (Official Gazette of Montenegro No 027/13, 001/15, 042/15, 047/15, 056/16, 066/16, 001/17, 031/17, 042/17, 050/17), The Law on Rights of Veterans, Disabled Veterans and Their Families (Official Gazette of Republic Montenegro No 069/03, Official Gazette of Montenegro No 021/08, 073/10, 040/11, 001/15, 052/16).
<b>Family/Children</b>	<b>Ministry of Finance and Social Welfare of Montenegro, Local self-governments</b>	The Law on Social and Child Protection (Official Gazette of Montenegro No 027/13, 001/15, 042/15, 047/15, 056/16, 066/16, 001/17, 031/17, 042/17, 050/17), The Decision on the Rights from the Social and Child Protection at the level of local self-governments, Rulebook on Conditions and Procedure for Achieving Rights on One-off Cash Benefits for new-born's Equipment at the level of local self-governments.
<b>Unemployment</b>	<b>Employment Agency of Montenegro, Revenue and Customs Administration of Montenegro, Labour Fund of Montenegro</b>	The Law on Employment Mediation and Unemployment Rights (Official Gazette of Montenegro No 024/19), The Law on Labour Fund (Official Gazette of Montenegro No 088/09, 039/11, 039/15, 052/16), The Labour Law (Official Gazette of Montenegro No 074/19), The Law on Personal Income Tax (Official Gazette of Montenegro, No 086/09, 073/10, 040/11, 014/12, 006/13, 062/13, 060/14 079/15, 083/16, 067/19).
<b>Social exclusion not elsewhere classified</b>	<b>Ministry of Finance and Social Welfare of Montenegro, Local self-governments, Revenue and</b>	The Law on Social and Child Protection (Official Gazette of Montenegro No 027/13, 001/15, 042/15, 047/15, 056/16, 066/16, 001/17, 031/17, 042/17, 050/17), The Law

	<p><b>Customs Administration of Montenegro</b></p>	<p>on Rights of Veterans, Disabled Veterans and Their Families (Official Gazette of Republic Montenegro No 069/03, Official Gazette of Montenegro No 021/08, 073/10, 040/11, 001/15, 052/16), The Decision on the Rights from the Social and Child Protection at the level of local self-governments, Rulebook on Conditions and Procedure for Achieving Rights on One-off Cash Benefits at the level of local self-government, Government Decision - The scheme and instructions on the procedure and manner of implementation of the scheme of subvention on electricity, Rulebook on Conditions of Accommodation and Manner of securing Accommodation of Asylum Seeker and Foreigners Under Subsidiary Protection, Law on International and Temporary Protection of Foreigners (Official Gazette of Montenegro No 002/17), Rulebook on Manner of Exercising Rights of Displaced Persons from former Yugoslav Republics and Internally Displaced Persons from Kosovo with Residence in Montenegro (Official Gazette of Montenegro No 036/15, 045/17), The Law on Personal Income Tax (Official Gazette of Montenegro, No 086/09, 073/10, 040/11, 014/12, 006/13, 062/13, 060/14 079/15, 083/16, 067/19).</p>
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