# Survey on Income and Living Conditions (EU-SILC)
## *2019* [(p)]

**Survey on income and living conditions** is an annual survey regularly implemented by Statistical Office from 2013. The data collected by this survey make possible the calculation of indicator on monetary risk from poverty and of indicator on income distribution inequality in a society. 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 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.

**Average annual equivalised disposable income**, as mean of equivalised disposable income, in 2019 was 4 241 euro, while **median annual equivalised disposable income**, as median value of the equivalised disposable income, was 3 768 euro.

**At-risk-of-poverty threshold**, set to 60% of the median of national equivalised disposable income, in 2019 at annual level was 2 261 euro for one-person household, while for household with two adult persons and two children under 14 years aged, was 4 748 euro.

**At-risk-of-poverty rate** in 2019 was 24.5%, 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.

**According to age**, persons under 18 years old, were the most exposed to the risk of poverty (33.7%), as well as persons aged 18 to 24 (30.5%). The lowest at-risk-of-poverty rate was for persons aged 65 and over (15.1%).

**According to the type of the household**, the highest at-risk-of-poverty rate was for persons in households consisted of two adults with three or more dependent children (45.0%), then persons in households consisted of one (single) parent with one or more dependent children (35.4%).

**Depending on activity status**, for persons aged 18 and over, the lowest at-risk-of-poverty rate was for employed at employer (7.0%), while unemployed were exposed to the highest risk of poverty (45.5%).

**At-risk-of-poverty or social exclusion rate**, as a percentage of people at risk of poverty and/or are extremely materially deprived and/or live in households with very low work intensity, in 2019 was 30.5%.

**Severe material deprivation rate**, in 2019 was 12.0% and it shows the proportion of persons living in households that cannot afford at least four out of nine material deprivation items.

**Gini coefficient**, as indicator of income inequality (on a scale from 0 – fully equality to 100 – fully inequality), in 2019 was 34.1.

**Income distribution inequality – quintile ratio (S80/S20)** in 2019 was 6.7, which indicates that 20% of citizens with the highest income (the fifth quintile) had 6.7 times more income than 20% of citizens with the lowest income (the first quintile).

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[p] *The data for 2019 are preliminary.*

# Income indicators

## Table 1. At risk of poverty threshold (relative poverty line) at the annual level, EUR

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| One-person household | 1 920 | 2 097 | 2 270 | 2 261 |
| Household with two adults and two children aged under 14 years | 4 032 | 4 405 | 4 766 | 4 748 |

According to the Survey on income and living conditions (EU-SILC) data, the risk of poverty threshold in 2019 was 2 261 euro for one-person household, i.e. 4 748 euro for household with two adult persons and two children under 14 years aged, at the annual level. Compared to 2018, it decreased 9 euro (0.4%) for one-person household, i.e. 18 euro for household with two adult persons and two children under 14 years aged.

## Graph 1. Average and median annual equivalised disposable income [1], nominal value EUR, 2016 – 2019
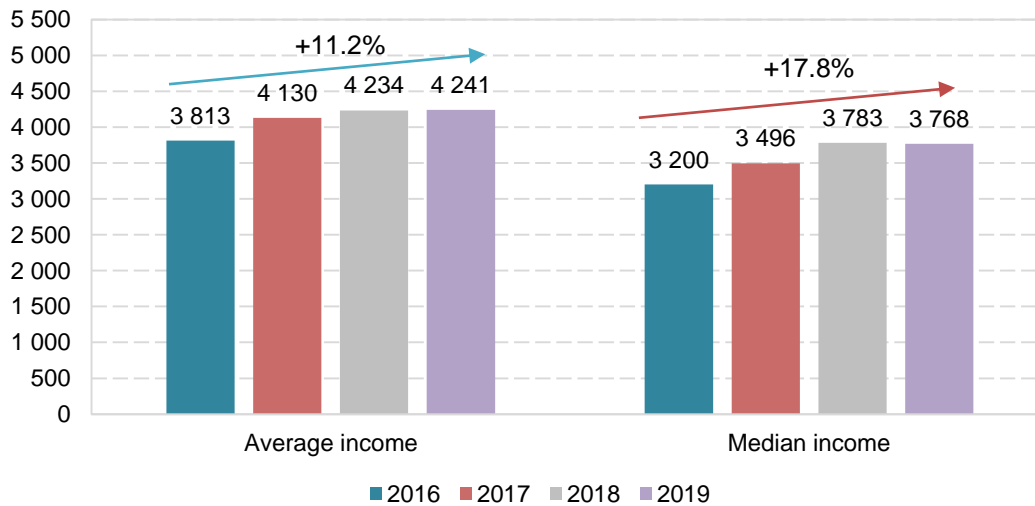


In 2019 average equivalised disposable income was 4 241 euro and compared to 2018, it increased by 0.2%. When it comes to the median equivalised disposable income, in 2019 it decreased by 0.4% compared to 2018, i.e. from 3 783 euro to 3 768 euro.

For the period 2016-2019, the growth of equivalised disposable income is evident. It is notable that in 2019 compared to 2016, median income grew more than average income (17.8% to 11.2%).

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[1] **Average equivalised disposable income** represents mean of equivalised disposable income, while **median equivalised disposable income** represents median value of equivalised disposable income.

## Table 2. Distribution of income by quintiles[2], %

|  | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| First quintile | 5.7 | 5.6 | 5.4 | 5.9 |
| Second quintile | 11.4 | 11.8 | 12.4 | 12.2 |
| Third quintile | 16.8 | 17.0 | 17.8 | 17.9 |
| Fourth quintile | 23.9 | 23.0 | 24.2 | 24.1 |
| Fifth quintile | 42.2 | 42.6 | 40.2 | 39.9 |

In Table 2, for the period 2016-2019, almost all population groups (distributed by quintiles depending on their level of income) have retained or increased their relative share of income in total equivalent income, except those who, by income, belong to the fifth quintile. Their share in 2019 compared to 2016, decreased by 2.3 percentage points.

## *At risk of poverty and inequality indicators*

### Table 3. The main indicators of at risk of poverty and inequality

|  | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| At-risk-of-poverty rate, % | 24.0 | 23.6 | 23.8 | 24.5 |
| Relative at risk of poverty gap, % | 35.6 | 34.0 | 35.3 | 33.1 |
| Income distribution inequality – quintile ratio (S80/S20) | 7.4 | 7.6 | 7.4 | 6.7 |
| Gini coefficient | 36.5 | 36.7 | 34.7 | 34.1 |

At-risk-of-poverty rate in Montenegro in 2019 was 24.5% and compared to 2018, it increased by 0.7 percentage points. Income distribution inequality – quintile ratio in 2019 was 6.7, which indicates that 20% of citizens with the income in fifth quintile, had 6.7 times more income than 20% of citizens which, by income, belong to first quintile.

Gini coefficient in 2019 was 34.1.

### Table 4. Dispersion around the at-risk-of-poverty threshold

|  | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| At-risk-of-poverty rate, if the threshold is: |  |  |  |  |
| *40% of median* | 12.9 | 11.9 | 12.4 | 12.2 |
| *50% of median* | 18.7 | 17.2 | 19.0 | 17.8 |
| ***60% of median*** | **24.0** | **23.6** | **23.8** | **24.5** |
| *70% of median* | 31.2 | 30.4 | 30.6 | 30.5 |

Dispersion around the at-risk-of-poverty threshold shows the sensitivity of at-risk-of-poverty rate when the at-risk-of-poverty threshold is set at 40%, 50% or 70% of the median equivalised disposable income. Thus, increasing the at-risk-of-poverty threshold from 60% to 70% of the median equivalised disposable income, would increase at-risk-of-poverty rate by 6.0 percentage points, i.e. to 30.5% in 2019. Decreasing the at-risk-of-poverty threshold from 60% to 50% of the median equivalised disposable income, would decrease at-risk-of-poverty rate by 6.7 percentage points, i.e. to 17.8% in 2019.

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[2] **Quintile** – represents a part of population ranked according to some characteristics in 5 equal parts (every part contains 1/5, i.e. 20% of population), from the minimum to the maximum value.

**Table 5. At-risk-of-poverty rate before and after social transfers [3], %**

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| At-risk-of-poverty rate after social transfers | 24.0 | 23.6 | 23.8 | 24.5 |
| At-risk-of-poverty rate if: | | | | |
| _Social transfers are not included in income_ | 29.0 | 31.4 | 31.2 | 29.5 |
| _Pensions and social transfers are not included in income_ | 44.3 | 46.7 | 45.0 | 42.9 |

Comparing the basic at-risk-of-poverty rate and at-risk-of-poverty rate before social transfers, in 2019, 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 24.5% to a rate of 29.5%. If social transfers and pensions are excluded from income, then the at-risk-of-poverty rate is 42.9%.

**Table 6. At-risk-of-poverty rate by household type, %**

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| **Household without dependent children [4]** | **16.6** | **15.9** | **15.2** | **13.9** |
| **Single-person household** | **17.0** | **20.1** | **19.3** | **18.9** |
| _Male_ | 16.7 | 20.0 | 22.9 | 20.6 |
| _Female_ | 17.2 | 20.3 | 17.0 | 17.9 |
| _One-person household, person under 65 years of age_ | 19,6 | 23.7 | 22.4 | 21.8 |
| _One-person household, person aged 65 years and over_ | 14.8 | 17.0 | 16.4 | 16.5 |
| **Two adults** | **14.8** | **14.1** | **14.9** | **14.4** |
| _Two adults, both under 65 years of age_ | 13.7 | 13.0 | 15.1 | 14.9 |
| _Two adults, at least one aged 65 years and over_ | 15.7 | 14.9 | 14.8 | 14.0 |
| **Other households without dependent children** | 17.6 | 15.0 | 14.0 | 12.1 |
| **Households with dependent children** | **28.0** | **27.9** | **27.9** | **29.6** |
| _One parent with at least one dependent child_ | 25.8 | 27.6 | 30.4 | 35.4 |
| _Two adults with one dependent child_ | 17.3 | 16.5 | 17.5 | 15.2 |
| _Two adults with two dependent children_ | 22.2 | 21.7 | 21.4 | 21.9 |
| _Two adults with three or more dependent children_ | 44.2 | 45.9 | 46.1 | 45.0 |
| _Two or more adults with dependent children_ | 28.0 | 27.9 | 27.8 | 29.4 |
| _Other households with dependent children_ | 25.9 | 25.7 | 25.5 | 29.1 |

In households without dependent children, at-risk-of-poverty rate in 2019 was 13.9% (18.9% for single-person household and 14.4% for two adults without dependent children). On the other side, households with dependent children were more exposed to the risk of poverty (29.6%), compared to households without dependent children (13.9%).

**Table 7. At-risk-of-poverty rate by age, %**

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| 0-17 years | 30.9 | 31.7 | 32.4 | 33.7 |
| 18-24 years | 29.6 | 27.8 | 25.0 | 30.5 |
| 25-54 years | 22.6 | 22.5 | 22.4 | 22.5 |
| 55-64 years | 20.3 | 18.8 | 18.6 | 19.0 |
| 65 years and over | 16.1 | 15.4 | 15.3 | 15.1 |

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[3] Social transfers include unemployment benefits, sick leave, child allowance, maternity leave, as well as other monetary social benefits paid by the state.
[4] **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.

According to age, in 2019, persons under 18 years old, were the most exposed to the risk of poverty (33.7%), as well as persons aged 18 to 24 (30.5%). The lowest at-risk-of-poverty rate was for persons aged 65 and over (15.1%).

**Table 8. At-risk-of-poverty rate by sex, %**

|  | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| Male | 24.5 | 24.2 | 24.1 | 24.9 |
| Female | 23.6 | 23.0 | 23.5 | 24.0 |

In 2019, at-risk-of-poverty rate of men was 24.9%, and rate of women was 24.0%.

**Table 9. At-risk-of-poverty rate by the highest attained level of education (18 years and over), %**

|  | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| Primary school and less than primary school (ISCED[5] 0-2) | 37.7 | 36.2 | 41.4 | 38.7 |
| Secondary school, secondary non-tertiary education (ISCED 3-4) | 21.7 | 20.8 | 19.1 | 19.6 |
| High education (Bachelor, Master and Doctoral level) - (ISCED 5-8) | 7.0 | 6.8 | 7.3 | 8.1 |

At-risk-of-poverty rate in 2019 shows a significant fall while the level of education increased: from 38.7% for persons with unattained or attained primary school, over 19.6% for persons with the secondary level of education attained, to 8.1% for persons with high education.

**Table 10. At-risk-of-poverty rate by the most frequent activity status (18 years and over), %**

|  | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| Employed at employer | 6.6 | 5.9 | 6.1 | 7.0 |
| Self-employed | 16.0 | 19.8 | 16.4 | 19.9 |
| Unemployed | 42.2 | 44.8 | 47.5 | 45.5 |
| Pensioners | 15.1 | 13.6 | 11.7 | 11.4 |
| Other inactive | 32.9 | 31.0 | 31.1 | 35.9 |

At-risk-of-poverty rate by the most frequent activity status [6] shows that 45.5% of unemployed were exposed to the-risk-of-poverty in 2019. Self-employed [7] persons have at-risk-of-poverty rate higher than employed at employer (19.9% and 7.0%, respectively). Among pensioners, at-risk-of-poverty rate in 2019 was 11.4%. The lowest risk of poverty had employed at employer – 7.0% in 2019.

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[5] **ISCED 2011** - International Standard Classification of Education, more information are available in Methodological explanations.
[6] **Activity status** is determined based on the statement of respondents on their own status lasted more than 6 months in the year that preceedes the interview year.
[7] **Self-employed persons** include farmers, as well as family workers who include persons helping family members in work or keeping family business/individual farms, without any compensation.

**Graph 2. At-risk-of-poverty rate by regions and type of settlement, 2019, %**
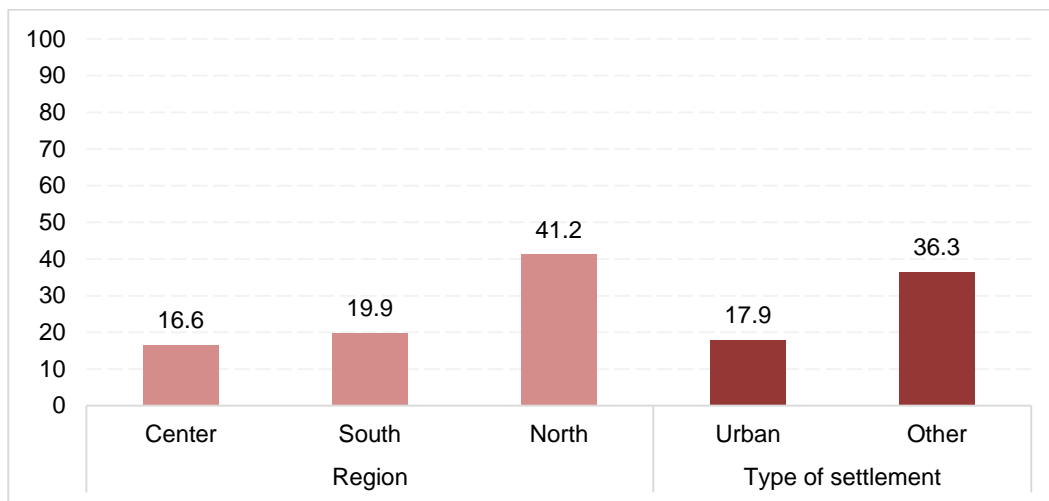


In 2019, 41.2% of population of northern region was at-risk-of-poverty, while population of central region had the lowest risk of poverty 16.6%.

The risk of poverty is present for every third resident of rural areas (36.3%). At-risk-of-poverty rate in urban area was 17.9% in 2019.

### *Material deprivation and social exclusion indicators*

**Table 11. Material deprivation rate by number of material deprivation items, %**

|  | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| Three or more items | 36.5 | 35.2 | 32.7 | 30.9 |
| Four or more items | 14.9 | 13.9 | 12.9 | 12.0 |
| Five or more items | 6.9 | 5.3 | 7.6 | 7.8 |

**Material deprivation rate** of 30.9% in 2019 shows the proportion of persons living in households that cannot afford at least three out of nine material deprivation items.

**Severe material deprivation rate** of 12.0% in 2019 shows the proportion of persons living in households that cannot afford at least four out of nine material deprivation items.

**Extreme material deprivation rate** of 7.8% in 2019 shows the proportion of persons living in households that cannot afford at least five out of nine material deprivation items [8].

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[8] For the details on the material deprivation, see the methodological part of the release.

**Table 12. At-risk-of-poverty rate or social exclusion rate and components of this indicator, %**

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| At-risk-of-poverty rate | 24.0 | 23.6 | 23.8 | 24.5 |
| Severe material deprivation rate | 14.9 | 13.9 | 12.9 | 12.0 |
| Proportion of persons living in households with low work intensity (0-59 years)[9] | 20.0 | 19.4 | 19.2 | 14.9 |
| **At-risk-of-poverty or social exclusion rate** | **34.6** | **33.7** | **31.4** | **30.5** |

Indicator at-risk-of-poverty or social exclusion rate (AROPE) represents a combination of at-risk-of-poverty rate, severe material deprivation rate, as well as share of persons living in households with very low work intensity. At-risk-of-poverty or social exclusion rate in 2019 was 30.5% and compared to 2018, it decreased by 0.9 percentage points.

It is considered for persons to live at the risk of poverty or social exclusion if they are at least in one out of three or all three previously mentioned poverty dimensions. Some persons are in the same time in two or three poverty categories and due to this, this indicator represents combination, not the sum of three previously mentioned components.

Observing by components of at-risk-of-poverty or social exclusion indicator, in 2019, the risk of income poverty was 24.5%, while 12.0% of population in Montenegro that live in households having reported that cannot afford at least four out of nine material deprivation items. When the work intensity is observed as a component of this indicator, 14.9% of Montenegro population aged 0 to 59 years, live in households with very low work intensity.

Considering that this indicator at-risk-of-poverty or social exclusion rate is represented by three different risk categories, it is possible to calculate different combinations of risk between these categories, as well as every individual risk category.

**Graph 3. At-risk-of-poverty or social exclusion rate in Montenegro, 2019(p), %**



*At risk of poverty rate 24.5%*

*Severe material deprivation 12.0%*

1.7

4,4

9.5

5.3

0.6

5.3

3.7

*Very low work intensity 14.9%*
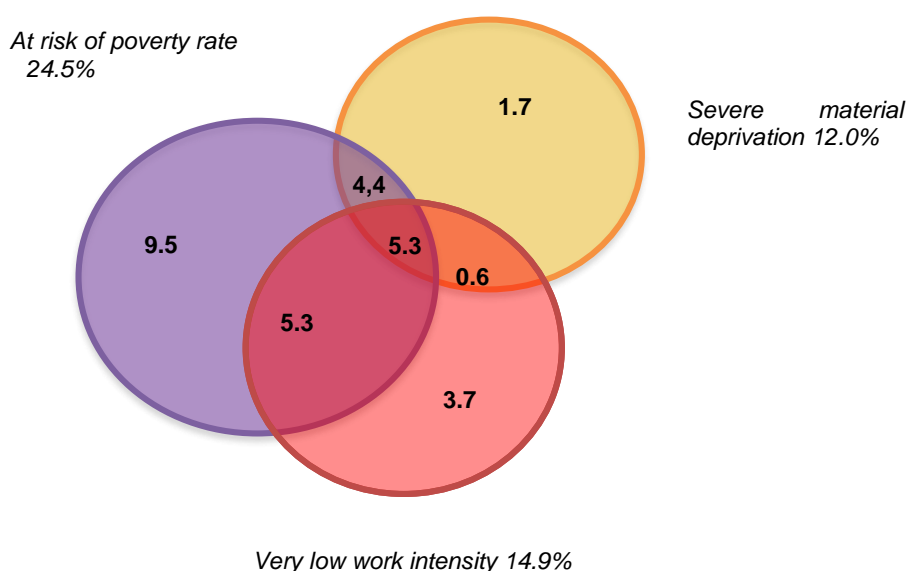
Proportion of people in Montenegro, who are at the same time in all three categories (they are at the risk of poverty, severe materially deprived and live in households which have very low work intensity) in 2019 was 5.3%.

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[9] Share of persons living in households with very low work intensity as a component of at risk of poverty or social exclusion indicator, measures the share of persons aged 0-59 years living in households where persons of working age worked during the reference period less than 20% of their total working potential, as a share of total population.

## At-risk-of-poverty and inequality indicators of children (0-17 years old)

### Table 13. At-risk-of-poverty rate of children, %

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| At-risk-of-poverty rate of children | 30.9 | 31.7 | 32.4 | 33.7 |

EU-SILC survey data for 2019, shows that 33.7% of children 0 to 17 years old was in the risk of poverty.

### Table 14. At-risk-of-poverty rate of children by highest level of education attained by parents, %

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| Less than secondary (ISCED 0-2) | 76.8 | 77.8 | 83.6 | 84.5 |
| Secondary level (ISCED 3-4) | 33.1 | 34.8 | 31.1 | 32.8 |
| Higher level (ISCED 5-8) | 10.5 | 8.0 | 11.6 | 12.4 |

Table 14 shows that in 2019 were 84.5% of children whose parents are with or lower than secondary level of education at the risk of poverty. With the increase in the level of education of parents, the rate of children at the risk of poverty decreases, dropping to 32.8% observing children of parents with level of education up to the secondary level. The rate additionally drops down to 12.4% when the children of parents with the high level of education are observed.

### Graph 4. Material deprivation rate of children, 2019(p), %
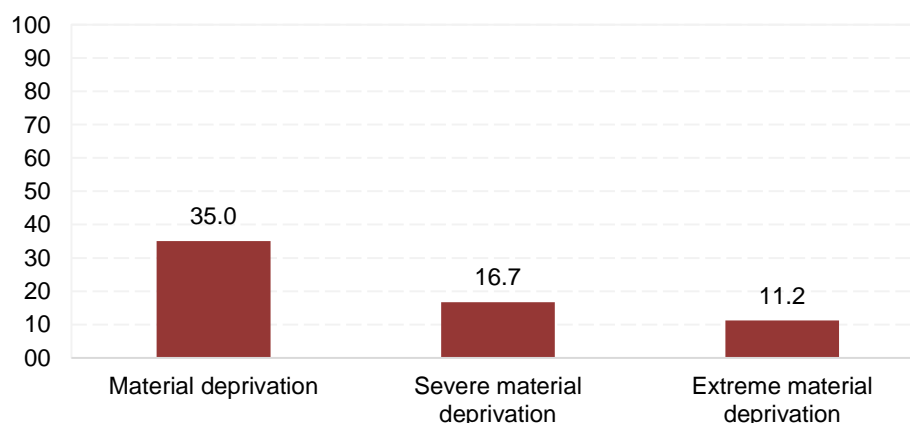


Graph 4 shows three levels of material deprivation among children in 2019. The rate of material deprivation was 35.0%, severe material deprivation 16.7%, and extreme material deprivation 11.2%.

### Table 15. At-risk-of-poverty or social exclusion rate for children, %

| | 2016 | 2017 | 2018 | 2019(p) |
|---|---|---|---|---|
| At-risk-of-poverty or social exclusion rate for children - AROPE | 40.1 | 40.3 | 39.4 | 38.4 |

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 deprivation and/or live in households with very low work intensity. In 2019, this indicator was 38.4%, and it recorded a fall for 1 percentage point compared to 2018.

# International comparison of at risk of poverty, inequality and social exclusion, 2019

**Table 16. Poverty indicators, comparable overview of data with the EU countries and countries in the region, 2019**

| | At-risk-of-poverty rate % | At-risk-of-poverty or social exclusion rate % | At-risk-of-poverty rate before social transfers (pensions included in income) % | At-risk-of-poverty rate before social transfers (pensions not included in income) % | Gini coefficient | Inequality of income distribution – income quintile share ratio (S80/S20) |
|---|---|---|---|---|---|---|
| Austria | 13.3 | 16.9 | 26.2 | 44.9 | 27.5 | 4.17 |
| Belgium | 14.8 | 19.5 | 25.4 | 42.5 | 25.1 | 3.61 |
| Bulgaria | 22.6 | 32.5 | 29.6 | 42.2 | 40.8 | 8.10 |
| Czech Republic | 10.1 | 12.5 | 16.6 | 34.5 | 24 | 3.34 |
| **Montenegro (p)** | **24.5** | **30.5** | **29.5** | **42.9** | **34.1** | **6.70** |
| Denmark | 12.5 | 16.3 | 23.7 | 38.9 | 27.5 | 4.09 |
| Estonia | 21.7 | 24.3 | 30.3 | 39.3 | 30.5 | 5.08 |
| EU-27 | 16.5 | 20.9 | 24.4 | 43.0 | 30.2 | 4.99 |
| EU-28 | 16.8 | 21.4 | 25.1 | 43.1 | 30.7 | 5.09 |
| Finland | 11.6 | 15.6 | 25.2 | 42.8 | 26.2 | 3.69 |
| France | 13.6 | 17.9 | 23.3 | 44.7 | 29.2 | 4.27 |
| Greece | 17.9 | 30.0 | 23.0 | 48.4 | 31 | 5.11 |
| Netherlands | 13.2 | 16.5 | 21.3 | 37.3 | 26.8 | 3.94 |
| Croatia | 18.3 | 23.3 | 24.3 | 41.0 | 29.2 | 4.76 |
| Ireland | 13.1 | 20.6 | 31.0 | 41.2 | 28.3 | 4.03 |
| Island | : | : | : | : | : | : |
| Italy | 20.1 | 25.6 | 25.2 | 45.0 | 32.8 | 6.01 |
| Cyprus | 14.7 | 22.3 | 22.7 | 35.1 | 31.1 | 4.58 |
| Latvia | 22.9 | 27.3 | 30.0 | 39.3 | 35.2 | : |
| Lithuania | 20.6 | 26.3 | 30.1 | 42.9 | 35.4 | 6.44 |
| Luxembourg | 17.5 | 20.6 | 26.3 | 46.1 | 32.3 | 5.34 |
| Hungary | 12.3 | 18.9 | 19.6 | 43.0 | 28.0 | 4.23 |
| Malta | 17.1 | 20.1 | 23.2 | 36.8 | 28.0 | 4.18 |
| Germany | 14.8 | 17.4 | 23.2 | 41.1 | 29.7 | 4.89 |
| Norway | 12.7 | 16.1 | 24.9 | 40 | 25.4 | 3.81 |
| Poland | 15.4 | 18.2 | 24.1 | 43.9 | 28.5 | 4.37 |
| Portugal | 17.2 | 21.6 | 22.7 | 43.4 | 31.9 | 5.16 |
| Romania | 23.8 | 31.2 | 28.1 | 45.2 | 34.8 | 7.08 |
| North Macedonia | 21.6 | 39.9 | 25.4 | 41.1 | 30.7 | 5.56 |
| Slovakia | 11.9 | 16.4 | 19.2 | 37.2 | 22.8 | 3.34 |
| Slovenia | 12 | 14.4 | 22 | 39.2 | 23.9 | 3.39 |
| Spain | 20.7 | 25.3 | 26.9 | 44.3 | 33 | 5.94 |
| Serbia | 23.2 | 31.7 | 28.3 | 46.6 | 33.3 | 6.46 |
| Switzerland | 16.0 | 18.8 | 24.4 | 38.1 | 30.6 | 4.75 |
| Sweden | 17.1 | 18.8 | 28.9 | 44 | 27.6 | 4.33 |
| Turkey | 22.4 | 39.8 | 24.6 | 41.2 | 41.7 | 8.35 |

*: Data is not available*
*(p) Preliminary data*

Source: Eurostat - https://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database

# METHODOLOGICAL EXPLANATIONS

**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.

**Cash income from work** includes income from the main job and additional jobs paid by employer (earnings, overtime, funds obtained by distribution of company profits, winter goods, hot meals, 13$^{th}$ salary, etc.) as well as income that a person generates on the basis of the independent organization of business activity.

**Income from capital** includes income from interest on savings and deposits, dividends and income from renting land, apartment or other real estate.

**Social transfers** include unemployment benefits, sick leave, child allowance, maternity leave, as well as other monetary social benefits paid by the state.

**Net private transfers** include regular financial assistance that the household provides or receives from a person living in another household in the country or abroad.

**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 household is not divided by the number of actual household members, but with the corrective number resulting from the OECD equivalency scale. 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. E.g. if the household that has four members, two adults and two children under 14 years of age, has an available income of 5 000 euro, disposable income by equivalent adult will be 2 381 euro (5 000/2.1=2 381). In case of four-member household with 2 adults and 2 children under 14 years of age, equivalent household size is calculated in the following way: 1+0.5+(2*0.3) = 2.1.

**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.

**Dispersion around the at-risk-of-poverty threshold** shows the percentage of people that are in risk of poverty when the relative poverty line is set at 40%, 50% or 70% of the median equivalised income.

**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). In population of 1 000 people, sorted according to the amount of income, the first quintile is the value of income of 200 persons in a row.

**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 quintals.

**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 1, where 0 represents perfect equality, i.e. each person in society has equal income. The closer to 1 the value is, the income inequality is higher.

**Material deprivation**[10] of household is an indicator of the material conditions that influence household life quality. The items of material deprivation are:

    1) Inability of the household to keep its home adequately warm;
    2) Inability of the household to afford the washing machine;
    3) Inability of the household to afford a car;
    4) Inability of the household to afford paying for one-week annual holiday away from home;
    5) Inability of the household to afford unexpected financial expense from own funds;
    6) Inability of the household to afford a telephone;
    7) Inability of the household to afford a colour TV;
    8) Inability of the household to afford a meal with meat or fish every second day;
    9) Being in arrears with mortgage or rent payments, utility bills, hire purchase instalments or other loan payments for a dwelling in which household lives.

**Material deprivation rate** is an indicator of financial inability of a household to afford at least 3 out of 9 possible items of material deprivation.

**Severe material deprivation rate** is an indicator of financial inability of a household to afford at least 4 out of 9 possible items of material deprivation.

**Extreme material deprivation rate** is an indicator of financial inability of a household to afford at least 5 out of 9 possible items of material deprivation.

**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. A working-age person is a person aged 18–59 years, with the exclusion of students in the 18–24 age group. 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). For example, low work intensity refers to households whose working-age members worked between 20% and 45% of the total number of months they could have possibly worked during a referent period.

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

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[10] Inability to afford certain items of material deprivation is based on the subjective estimate of individual if his/her household can afford some items of material deprivation.

**The most frequent activity status** represents the status of persons aged over 17 years which lasted over 6 months in the year preceding the year of survey.

The classification of educational activities is based on **ISCED – the International Standard Classification of Education**, UNESCO 2011 version. It has the following categories:

- 0 — early childhood education
- ISCED 1 — primary education
- ISCED 2 — lower secondary education
- ISCED 3 — (upper) secondary education
- ISCED 4 — post-secondary non-tertiary education
- ISCED 5 — short-cycle tertiary education
- ISCED 6 — Bachelor's or equivalent level
- ISCED 7 — Master's or equivalent level
- ISCED 8 — Doctoral or equivalent level

## Legal basis

Survey on income and living conditions is conducted on the basis of the Law on Official Statistics and Official Statistical System of Montenegro (Official Gazette of Montenegro No 18/12 and 47/19), and is harmonized with EU regulations and Eurostat's methodology for this field of statistics. EU-SILC survey is mandatory survey at the EU level, and a required source for monitoring statistics on income, poverty and social exclusion.

Data are published according to Statistical Release Calendar.

### Basic information about survey

Survey on income and living conditions is an annual survey regularly implemented by Statistical Office from 2013.

Survey units are households at the territory of Montenegro (one-person member and households with more members), selected by a random sample method. According to the methodology, the sample does not include collective households.

Survey units are households at the territory of Montenegro, as well as all household members aged 16 and over.

Sample size for this survey is approx. 5 200 households in average.

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 and for the material deprivation data is the moment of the survey.

### Obligation to protect individual data

Confidentiality of the individual data of the households and persons is provided completely.

Survey on income and living conditions (EU-SILC) was conducted by Statistical Office (MONSTAT) in April and May 2019.