**Report on the gender fiscal budget analysis during**

**COVID -19 crisis in Montenegro**

**Author: Ana Katnic**

**October 2020**

Contents

[**Introduction and gender analysis of the situation** 3](#_Toc54482951)

[**Chapter 0: Analysis of situation’s impact on women and men** 4](#_Toc54482952)

[**Chapter 1: Timeliness of response** 9](#_Toc54482953)

[**Chapter 2: Gender responsiveness of measures and budgets;** 12](#_Toc54482954)

[Domestic Violence 13](#_Toc54482955)

[Working from home 13](#_Toc54482956)

[Education 14](#_Toc54482957)

[Model for new school year 2020/21 14](#_Toc54482958)

[Paid leave for parents of children not older than 11 15](#_Toc54482959)

[The first set of economic measures 15](#_Toc54482960)

[The second set of economic measures 16](#_Toc54482961)

[The third set of economic measures 16](#_Toc54482962)

[**Chapter 3: Gendered public finance management of Covid-19 response** 17](#_Toc54482963)

[**Chapter 4: Gender impact of Covid-19 response** 19](#_Toc54482964)

[**Conclusions** 19](#_Toc54482965)

[**Recommendations** 20](#_Toc54482966)

# **Introduction and gender analysis of the situation**

Globally, the spread of the COVID-19 pandemic threatens to annulate gains made in the field of gender equality. The pandemic is deepening inequalities, revealing vulnerabilities in economic social, and political systems.

Montenegro, has not set the system for measuring how its response to Covid-19 affected gender equality. Women's representation in all COVID-19 response and decision-making was not equal in Montenegro.

The only state measure that was indisputably targeting women was rection in solving cases of domestic violence, which was introduced upon the strong reaction of the group of women’s CSOs.

Transformative change for equality by addressing the care economy, paid and unpaid, has not happened during the crisis and, contrarily, highly likely brough about deepening the pre-existing inequalities.

Economic measures that were introduced were completely gender-blind. None of them applied gender lens to design fiscal incentives and social assistance programs to achieve greater equality, opportunities, and social protection. Women and girls were not targeted in the efforts to address the socio-economic impact of COVID-19, although women earn less, hold less secure jobs, are more likely to be employed in the informal sector and are the majority of single-parent households.

Ad-hock social assistance that was provided failed to incorporate sex disaggregated data, gender lens and omitted targeting of women. Moreover, immediate response and long-term recovery plans have not integrated a gender lens. Barriers that prevent full involvement of women in economic activities remained in the time of crises. No direct support to women-owned businesses was featured in the support schemes.

The measures were introduced without consultative process that involved women or women organizations. The language was gender neutral, and the reports on beneficiaries have not included sex-disaggregated data, which made impossible to measure effects of the measures on men and women, girls and boys.

# **Chapter 0: Analysis of situation’s impact on women and men**

On 30 January 2020, the World Health Organization (WHO) declared a Public Health Emergency of International Concern as the novel coronavirus spread across the world and on 11 March 2020, a global state of pandemic. It quickly became a global crisis, threatening human security, endangering international trade, affecting human rights and freedoms worldwide.

Montenegro reported the first case of COVID-19 on 17 March 2020, after which the National Coordination Body (NCB) for Infectious Diseases was established, coordinated by the Deputy Prime Minister with the Institute of Public Health and the Clinical Centre of Montenegro in the lead. Out of 18 members of the body, 4 are women (22%), which at the very offset of the crisis provided disbalanced response of women and men.

Montenegro has not formally declared the state of emergency, although it imposed quite strict measures, mostly in line with the existing legal and constitutional framework, with the exception of publishing a list of persons in isolation and a number of those related to restrictions on movement and gathering, which were the arguing elements with CSOs dealing with human rights protection. The “informal” state of emergency was called on the 26th of March 2020. Montenegro took bulky measures to prevent virus transmission and to “flatten the contagion curve”. During the first cycle, physical distancing, self-isolation, quarantine, restrictions in gathering and in movement were imposed. Businesses in hospitality, transport, service activities and similar sectors were closed, education was suspended and replaced by distance-learning. Some municipalities were completely quarantined. The measures led to a low rate of infected, but caused significant drop of economic activities in the country. The COVID-19 outbreak put Montenegro before two-fold and colliding challenge to protect people’s lives and the economy.

Among the first measures taken by the government due to the threat of the spread of the coronavirus was that the media did not follow the press conferences of the Crisis Staff and the NCB directly. The Broadcasting Center enabled radio stations and televisions to take over the signal from public TV channel, which installed live transmission equipment in the hall of the Institute of Public Health. A platform was also established through which journalists were able to ask questions during the conferences, and the recorded material was subsequently delivered to the media. In Montenegro, majority of journalist are women (56,6%)[[1]](#footnote-1), so this measure was directed primarily towards their health protection.

The activities of organizations dealing with marginalized groups, which were additionally affected by the coronary virus pandemic, were noted, such as those that pointed out the special vulnerability of Roma, persons with disabilities, but also WNGOs who expressed concern about the increase in violence. Stay-at-home orders, isolation or quarantine have increased domestic violence in Montenegro, specifically impacting women, children and older people. A government failed to take preventive measures, though at a later stage, upon reaction of WNGOs who communicated publicly increase of 27% of reported cases, it responded conducting a public campaign, introducing the phone application for victims and increasing police activity, all supported by UNDP/ UN Women. There were no public data on number of interventions or of decrease of the level of violence against women. Shelters for women and children victims of violence reported need to increase facilities’ capacities, as well as human dimensions. The new needs have been attended by international organization and diplomatic bodies. Research on the gender-related impacts of COVID-19[[2]](#footnote-2), conducted by UNDP and UN Women, has confirmed that women, especially those from vulnerable groups, will be disproportionally affected by the crisis both in terms of an increase in the burden of family care, and the loss of income. Furthermore, according to activists’ testimonies, many women have not been able to exercise the right to flexible work engagement for parents of children younger than 11 years –especially women working in the food-catering and retail industry. Additionally, activists state that victims of violence in many cases had to choose between, on the one hand, going to work and taking the health risk of keeping their job, or on the other, staying in shelter or self-isolation –which would result in losing their job.

This situation was also a great challenge for the education system, which was transformed in a very short time so that pupils and students could study at home. There has been a lot of effort, enthusiasm and dedication in that system, especially those teachers, majority of which were women (77% in elementary and 64% in secondary schools)[[3]](#footnote-3) who stood in front of the cameras and recorded lessons, which was a big and sudden change for their usual work. Also, this required a significant involvement of parents and a different approach of children, which in Montenegro is traditionally allocated to women who suffered the biggest burden of increased unpaid care work, with children out-of-school, as well as heightened care needs for older persons.

While reports reveal more men are dying as a result of COVID-19, the health of women generally is adversely impacted through the reallocation of resources and priorities, including sexual and reproductive health services. However, formal data are not available. Presence of women in health and social care in Montenegro is 70%, meaning that the majority of work and duties were done by them, whereas the face of the health system in the public is presented chiefly by male doctors.

The first cycle of the epidemic in Montenegro lasted until the 2nd of June 2020 when Montenegro was declared a corona-free country, given that the Institute of Public Health reported that there were no active cases in Montenegro. The second cycle started on the 14th of June. Up to now (October 25, 2020), over 16.000 people have been infected, out of which 8.367 are men and 7.670 are women with 253 deaths recorded.

One of the first economic measures initiated by the Government of Montenegro, and supported by the Council of the Central Bank of Montenegro was a Decision to mitigate the negative effects of the new coronavirus on the financial system defining that legal entities, individuals, entrepreneurs and others affected can apply for bank loans with a moratorium on repayment lasting up to 90 days, including temporary suspension of all payments of obligations on the basis of loans (principal, interest, default interest, fees, etc.). The measure targeted individuals who lost their jobs, whose salary was late or reduced, as well as companies with the negative impact of the pandemic on business. Similarly, the Tax Administration Directorate postponed the collection of tax receivables based on income tax and salary contributions for companies and entrepreneurs unable to settle tax liabilities, due to negative effects of coronavirus virus epidemic for up to 90 days. The Investment and Development Fund (IDF) created a credit line (120 million euros in total), intended to support the liquidity of entrepreneurs, micro, small, medium and large companies with the amount up to 3 million euros, the grace period up to 2 years, and the interest rate of 1.5 – 2 percent. The loans were also intended for entrepreneurs, micro and small enterprises directly endangered: caterers, craftsmen, taxi drivers, small truckers, small boutiques, hairdressers, private kindergartens, small shops and other entrepreneurs who had to close their facilities for the payment of salaries to employees for the three months. Credit support was available to both medium and large companies, to maintain basic economic activity and preserve all healthy companies. The government has instructed all state institutions which lease the state-owned real estate to allow all tenants, upon request, to defer payment of the obligation for a period of 90 days. It introduced a ban on initiating all public procurement, except those necessary for the functioning of the health system. Also, the members of the Government contributed with one half of the salary to the account of the National Authority for Infectious Diseases. One million euros from the current budget reserve was allocated for a one-time financial assistance in the amount of 50 euros to the families of material security beneficiaries and beneficiaries of pension and disability insurance. None of the measures that was introduced within the first package included gender lens to achieve greater equality, opportunities, and social protection. Moreover, economic planning and the first emergency response were not communicated and consulted with women.

The first package of measures mainly included loans. The Tax Administration Directorate, banks and the IDF do not keep gender disaggregated data, so there are no clear indications of how many women received initial assistance through loans.

The interlocutor pointed out that these measures were not timely, that they did not address the most important part of the Montenegrin economy - small and medium enterprises, but also that they were not sufficient in the cases of the most endangered categories. The lack of a more comprehensive and long-term strategy was pointed out, as well as the insufficient efficiency and non-transparency of the IDF.

The second package of economic measures included the following:

A program worth over 17 million euros to support the agriculture, out of which 3 million euros for purchase and storage of surplus agricultural products, assistance in their placement or transfer to public institutions (the priority was given to the purchase of domestic products), favorable loans for the supply of working capital to registered agricultural producers, processors, and fishermen of up to a maximum 20,000 euros, with an interest rate of 1.5 percent, a repayment period of up to two years and a grace period of up to one year (10 million euros). The Government committed to pay the interest in the grace period (150,000 euros). Payment of contributions to insured persons on the basis of agriculture for 529 insured persons for a period of six months. amounted to 100,00 €. One-time support of 64 euros for 3,200 beneficiaries of old-age benefits (225,000 euros) was committed, as well as a one-time assistance for 184 fishermen with a valid license (200,000 euros). Advance payment of 80 percent of premiums in livestock and per hectare of arable land, producers will be paid around 3,500,000 euros in the first half of May.

An entrepreneur or company whose employees were placed in quarantine or isolation by orders of the Ministry of Health, were to receive a subsidy on gross earnings in the amount of 70% of the amount of taxes and contributions to the minimum wage, and 70% of the net minimum wage recorded in February 2020. The amount of the difference to the full gross salary of the employee was to be provided by the employer. The same was introduced for employees on paid leave based on childcare under the age of 11. Subsidies to entrepreneurs, micro, small and medium-sized companies, in the field of tourism were also introduced.

Subsidies were transferred from the Treasury account to the account of the bank where the employee receives the salary, after which the bank, upon receipt of systematized lists with payment files distributed salaries.

Whereas the first package contained urgent measures of a socio-economic nature, the second package aimed to preserve jobs. All the belonging measures were gender neutral, none of them was based on gender needs assessment and was presented using gender neutral language.

**The third package of economic measures** was presented in July as a development package with a long-term valorization of domestic resources in the function of sustainable development. Although it was created with participation of social partners, academic community, the key economy stakeholders - Chamber of Commerce, the Union of Employers of Montenegro, the American Chamber of Commerce in Montenegro, the Association of Managers of Montenegro, Montenegro Business Alliance and other organizations from Montenegro, as well as international institutions: the European Commission, the World Bank, the International Monetary Fund, the International Labor Organization, the EBRD, the UNDP and UNICEF offices in Montenegro, it failed to reflect gender sensitive approach.

The third package of measures amounted to EUR 1.22 billion for short-term and long-term measures (until 2024), through direct payments, investments from the state budget and state companies, as well as through providing favorable credit arrangements with the Investment and Development Fund and banks with the state as a mediator.

The purpose of short-term measures was to provide: support to the tourism sector, incentive for agriculture and fisheries, improving the competitiveness of the economy through grants, support to the economy through subsidizing salaries, support to the most vulnerable categories of the population, reduction of the VAT rate from 21 percent to 7 percent in all catering activities for a period of one year, one-off support for the most vulnerable categories, a 13 percent increase in the lowest pensions.

Long-term measures were aimed for the development of tourism, IT sector, agriculture, fishery, energy and transport.

The third package also included rationalization of the budget in the field of salaries in public administration and state-owned enterprises, reduction of the vehicle fleet in the public administration, limitation of the number of users who have the right to use official vehicles, as well as the sale of the part of the vehicle fleet.

A document of over 40 pages was written in gender neutral language, was not based on gender sensitive needs assessment and did not contain gender-responsive measures. Moreover, the document did not provide enough clarities in explaining where the money will come from, and what the measures clearly refer to.

In parallel, the donor and international development community was mobilized. The EU already signed an agreement for disbursing €3 million for medical equipment and prepared the ground for a €50 million crisis response package by bringing forward and reprogramming already available pre-accession funds dedicated to Montenegro to both boost further EU investment in the health sector, while also focusing on the social and economic consequences of this crisis. Additionally, to address Montenegro’s urgent balance of payment needs, the IMF has approved financial assistance equivalent to US $ 83.7 million (€ 74 million) under the rapid Financing Instrument.[[4]](#footnote-4) The World Bank issued a Second Fiscal and Financial Sector Resilience Policy-Based Guarantee to Montenegro worth € 80 million, which enabled the country to take out a € 250 million loan from the union of the banks[[5]](#footnote-5).

Among other things, two rounds of a Rapid Social Impact Assessment (RSIA) of COVID-19 on particularly vulnerable groups of populations were conducted by UN agencies (IOM, UNDP, UNHCR and UNICEF) and the Resident Coordinator’s office (RCO), with contributions from UNOPS and the ILO to provide a deeper insight into the social impact of the evolving crisis on groups that are already vulnerable in Montenegro. The report aimed to provide the evidence for decision-makers to tailor ongoing and future policy and programmatic interventions to alleviate the negative consequences of the epidemic on the people of Montenegro, with a particular focus on protecting the fundamental rights of those who are most vulnerable.

Montenegro undergone parliamentary elections on the 30th of August that resulted in an unprecedented change of the ruling majority composition. The new Parliament was constituted on 23 September. The number of women Members of Parliament (MPs) decreased to 22% from 23%. New Government is yet to be established and the transition period caused the lack of interest to participate in the data collection, and therefore no feedback was provided from the state intuitions (Ministry of Finance, Ministry of Economy, Ministry of Health, Ministry of Labour and Social Welfare, State Audit Institution).

# **Chapter 1: Timeliness of response**

The Law on Budget of Montenegro 2020 was put in force timely, on January 1, 2020. The revenues were projected in the amount of € 2,582,479,206.80. Predicted reserves amounted €133,630,500.00. At the very beginning of 2020, the budget deficit amounted €335,889,594.85 and the missing funds were projected to €877,489,594.85.

The State budget of Montenegro follows economic and functional classification and is a one-year line-item budget, meaning it has no developmental character. It is not based on needs assessment of ultimate beneficiaries and does not include projection of expenditures to women and men or any other category, neither is based on revenue collection that takes into account gender perspective.

Disaster fund or Crises management fund does not exist in Montenegro, only the budget reserve that represent the planned funds which are not allocated in advance and which are aimed at urgent and unforeseen expenditures during the fiscal year. The Minister of Finance decides on the use of the reserve funds, following the consent of the Government.

The budget spending during the crisis was not transparent. The Government has not produced reports or information on budget spending and presented them to the public, although all public funds spending has to be supported by the treasury system. The expenditures of all budget items, including reserves is approved on the basis of the report of the State Treasury on the realization of revenues for the previous month, except for the month of January, as per the Law on Budget.

The information on realization of the first two packages was announced along with the third one. According to available information:

* In the period from the March 19 to the end of May 2020, 836 moratoriums on total debt of € 160.7 million were approved.
* As of July 30, 2020, Tax Administration reported 45 million EUR of deferred taxes and contributions.
* Credit lines intended for micro, small, medium and large companies operating in the field of procurement of medicines, medical equipment and vehicles, tourism and catering, traffic, services, production and food processing. The funds were mostly used for payment of lease and of employee salaries. In the period from March 24, 2020 to the end of June 2020, the IDF Montenegro supported micro, small, medium and large enterprises, through 397 credit lines in the amount of EUR 73.4 million.
* One-time financial assistance to pensioners with the lowest pension and beneficiaries of material security was allocated to 8,593 families of beneficiaries in the amount of EUR 429,650.00 and for 12,012 pensioners in the amount of EUR 628,700.00, i.e. a total of EUR 1.06 million.
* 90 days deferred payment of lease of real estate that is state-owned, resulted in lower income (approximately 58%, or 133,000 EUR compared to the same period of the previous year).
* Discounts in settling electricity bills - a total of 31,669 customers were covered, and the total amount of benefits amounted to EUR 50,703.
* Measures related to the granting of subsidies in the amount of 50 to 100% of earnings for: (i) closed activities; (ii) the tourism sector; (iii) vulnerable activities; (iv) new employment; (v) remuneration of employees on paid leave; (vi) earnings of employees in quarantine or isolation amounted a total of EUR 33.2 million for over 64,000 employees by June 2020.
* Budget savings due to the two months of reduced salaries of employees in the state administration, the fiscal effect of budget savings amounted to EUR 1.05 million.
* One-time financial assistance was paid for 17,157 unemployed persons registered with the Employment Bureau in the total amount of 857,850.00 EUR.
* Advance payment of a part of the premium in the amount of EUR 3,335,000 was provided to agricultural producers.
* 3,419 beneficiaries of old-age benefits received extraordinary assistance of EUR 64.41 in the total amount of 440,000 EUR.
* Payment of one-time support for 183 professional fishermen who are holders of a license to conduct commercial fishing at sea amounted to 213,300 EUR.
* All contributions were paid to 528 agricultural policyholders who regularly pay contributions, in the total amount of 163,099.20 EUR. Each insured person received 308.9 euros.
* The IRF, in cooperation with the Ministry of Agriculture and Rural Development, created a new credit line with the aim of providing funds for establishing new and improving the existing production of registered agricultural producers, processors, commercial fishermen and carriers of aquaculture / mariculture permit. Loans of up to EUR 20,000 have been continuously approved, with an interest rate of 1.5 percent,

with repayment period of up to two years and a grace period of up to one year. Around EUR 10 million is envisaged for this measure.

It is obvious that the information on financial assistance were gender-blind. Business entities and employees, families, unemployed individuals, and beneficiaries of pension and disability insurance who are entitled to a minimum pension, agriculture producers, etc were beneficiaries of the support. All the measures involved application for assistance and there is no information on how many women and men applied for each of the above measures nor how many women and men received the support. Moreover, it was not transparently stated if the contingency budget was used at all.

Budget was revised and adopted on June 23, a bit longer than three months after the first virus contracted case was identified. The reason for re-balance was to create preconditions for additional borrowing. The pandemic severely affected Montenegrin economy and it was a base for introduction of the third set of measures.

Measures that targeted tourism which is the main source of revenues in Montenegro were deemed lagging behind and untimely. Furthermore, the pandemic revealed the vulnerability of the Montenegrin economy and the need for its diversification. There are also suggestions from the experts to conduct additional budget re-balance and include IMFs support.

Reclassification of budget spending, reflected in the Law on Amendments to the Budget Law increased current budget reserves by an additional 45 million, provided an increase in the cost of the Health Fund by eight million EUR, 3 million EUR for the Ministry of Labor and Social Welfare to cover beneficiaries of maternity leave and disability subsidies. Three million were projected for the Ministry of Economy to cover subsidies that targeted at small and medium enterprises. Obviously, re-balanced budget communicates predicted costs only for consumers units, with no programmatic approach and analysis of needs of or effects on women and men. The budget modifications include a justification. However, analysis it uses stick only to figures in the final statements, whereas and impact assessments are not legal obligation, neither is a need to mainstream gender in any of these.

On the other side, some experts pointed out that the Law on Amendments to the Law on the Budget of Montenegro for 2020 ("Official Gazette of Montenegro", No. 61/2020) was adopted by the Parliament of Montenegro and a day later expressly signed by the President of the State and published in the Official Gazette. According to them, the rebalance projects the amount of missing funds for the state treasury at 878 million EUR, whereby deposits of 540 million will be used, and 338 million should be provided through borrowing and donations. However, the amount of additional loans is not projected at all. This means that there are no restrictions on government borrowing, which is contrary to the Law on Budget and Fiscal Responsibility that stipulates that "during the fiscal year, the state may borrow up to the level set by the annual budget law”[[6]](#footnote-6).

Government reported that the budget revenues in the period January - July 2020 were 1.4% less than planned by the Law on Amendments to the Law on Budget. Lower collection of income is predominantly conditioned by the decline in turnover in domestic and foreign trade, which primarily depends on the tourist season. Budget revenues compared to the same period last year were 11.6% lower, which was expected in the economic conditions determined by the pandemic and the implementation of measures to limit its consequences.

Budget expenditures in the period January - July 2020 were 0.6% higher than planned. Compared to the same period last year, budget expenditures are higher by 10.9% as a result of implementing a package of measures aimed at combating the negative effects of the pandemic and helping citizens and the economy, as well as higher allocations for financing the health system in a pandemic.

The Government of Montenegro prohibited budget users to receive donor funds. The budget was proclaimed unique with the function to preserve the health of citizens and ensure the functioning of the state. The Government prohibit the receipt of donations to any health and other state institution, and opened a single account of the National Coordination Body for Infectious Diseases. Over €8,2 million of donations have been collected so far. The web-site <https://www.coronainfocg.me/> contains information on donations, and features expenditures as from the 19th of March, since the account was introduced. However, the purpose of payment is rather generally presented and does not contain fine-tuned information or sex-disaggregated data, so as to assess whether the donations were proportionally distributed among men and women.

The first response to crisis was assessed as timely, and to some extent underestimating the duration of the pandemic. The first measures introduced were aimed for 90 days only and the Government started thinking long-term only in July, four months after the crises outbreak. At the very outset of the crisis, it failed to involve important stakeholders, such as social partners – unions and official representatives of employers in creation of measures to support economy and citizens. This is primarily because the National Social Council is a mirror of society's responsibility and solutions agreed through tripartite dialogue (government, employers and unions) can offer important answers to dramatic situations, especially in emergencies such as one caused by the Covid-19 pandemic. The official representative of employers learned from the media that a working group had been formed to prepare a proposal for a new package of measures, and that the social partners had not directly participated in creating the Program for Supporting the Economy and Employees. It was only on April 3 when Union of Employers got an opportunity to comment on the proposals, not to participate in its creation. Some of the important suggestions the Union of Employers sent to the Government were not accepted and the explanation was not provided.

# **Chapter 2: Gender responsiveness of measures and budgets;**

Montenegro adopted restrictive measures without declaring a state of emergency, mainly through existing primary legislation to respond to communicable diseases, epidemics or disasters. It declared a form of special public-health related status, not amounting to a “state of emergency”, based on existing or newly adopted primary legislation, and not on the Constitution - Coronavirus Epidemic posing a Nationwide Threat. Ad-hock restrictive measures were of the same magnitude as those adopted under a state of emergency and required parliamentary oversight, which was non-existent.

Measures that were introduced in Montenegro in March, when the first case of infection occurred in the country were aimed primarily to health protection and severe restrictions of movement were imposed with public assemblies banned.

During quarantine and self-isolation, domestic violence increase was reported. In the conditions of home isolation, the victims were exposed to domestic violence for 24 hours. Reduced social contacts and limited movement further jeopardized the safety and health of women and children victims of violence. In conditions of constant control, it was harder for them to ask for help. Institutions that needed to provide assistance and protection were working at reduced capacity due to their focus on implementing pandemic protection measures.

## Domestic Violence

As part of the national campaign #StayHome, launched to prevent the spread of the coronavirus in Montenegro, the Ministry of Interior, the Police Directorate and NGOs that are members of the Operational Team to Combat Violence against Women and Domestic Violence: SOS Hotline for Women and Children Victims Violence Nikšić, Safe Women's House, SOS Hotline for Women and Children Victims of Violence Podgorica, Centre for Women's Rights and Centre for Roma Initiatives, launched the #SafeAtHome campaign, supported by international organisations and diplomatic bodies. Social networks and media started featuring the phone number of the Police Administration, the number of the free of charge national SOS line for victims of domestic violence (available 24/7), as well as numbers for specialized free legal aid and psychological support where comprehensive support was provided for victims of violence. The Protocol on treatment, prevention and protection from domestic violence was updated to reflect the new circumstances and the police reacted to cases of domestic violence more promptly.

|  |
| --- |
| Reaction to domestic violence |
|  |

## Working from home

According to the recommendations of the National Coordination Body for Infectious Diseases, many employees have established work from home, and adapted their regular activities, communication and meetings to the new working conditions.

The government and the NCB provided advice on better organization of work from home. However, most of the instructions were general and were not based on estimates of how many women and men actually work from home, how many of them have access to a computer or Internet, and how many women and men can afford conditions for uninterrupted work. The Government and NCB were encouraging direct agreement of employees with employers on potential flexible work engagements. Portal #DigitalnaSolidarnostCG, was created in order to support business continuity in this period.

There is no official data on number of women and men who were given opportunity to work from home. Women are primarily employed in health, education and other services. Health care system was exempted from the measures. Education sector was overly employed during the pandemic.

|  |
| --- |
| Working from home |
|  |

## Education

The National Coordination Body for Infectious Diseases has decided to suspend work in educational institutions from March 16, for at least 15 days. Until the end of the school year, the children followed the lessons from home, which were carried out online.

13.000 teachers was involved in everyday preparation and delivery of lessons online for 96.000 Montenegrin elementary and secondary school students.

The lectures were broadcasted on three existing TV channels which were renamed into channels called Learn at Home, and had almost 100% coverage in Montenegro. The material was also available on a specially prepared YouTube channel - Learn at Home. #LearnAtHome was also available via a mobile application for all operating systems.

A portal for teachers www.skolskiportal.edu.me was also created. Its purpose was to enable the exchange of ideas, knowledge and experiences among teachers, to provide support to teachers for working on the Internet, introduction to new technologies and gaining new knowledge and experiences, as well as encouraging new forms of teacher creativity in various fields of education.

Although there was not any official survey, teachers’ testimonies in media state that they were overburdened with online teaching, mainly due to provision of feedback to all students individually, as a compensation to face-to-face interaction that in normal circumstances is delivered simultaneously for all. Some teachers pointed out that on-line teaching imposed new obligations and that the working day stretched to 24 hours, as they were at students’ disposal continuously[[7]](#footnote-7) and that they faced challenges with using of new tools, internet applications. Given that women make 74% of educational staff, such a modus operandi undoubtedly affected primarily their life, as their paid job introduced additional responsibilities and engagement, whereas there are no data and evidence on their share in economy of care and unpaid work contributions. Working from home for employees in this sector, therefore, highly likely had a gender negative dimension.

|  |
| --- |
| Education from home |
|  |

## Model for new school year 2020/21

The Ministry of Education has introduced a unique model for all schoolchildren in Montenegro during the school year 2020/21 instead of allowing each school to decide for itself the best ways to organize inclusive education during the Covid-19 pandemic based on the local epidemiological situation and in-depth analysis of the school's capacity to create safe environment in which the risk of infection of students and employees woold be reduced to a minimum. The Ministry failed to include the school administration, teachers, parents, students and the local community in the decision making. The needs of the most vulnerable children, boys and girls with chronic diseases, developmental disabilities, those living in poverty, as well as Roma and Egyptian children have not been taken into account.

|  |
| --- |
| New school year |
|  |

## Paid leave for parents of children not older than 11

During the suspension of classes in schools, the Ministry of Health decided to provide one of the parents, guardians, foster parents, adoptive parents or single parents of children who are not older than 11 years of age, with the right to paid leave from work, except for health employees. The Ministry of Economy announced to subsidize the paid leave. Trade Unions reported violation of this right, as some employers forced the employees to use the annual leave and apply for the subsidy at the same time. The same Order was introduced in September, before the school year 2020/21 started. However, to date, no Order has been issued guaranteeing the right to paid leave for these parents (primarily women employed in education, social work centres, the judiciary / prosecutor's office; there were no requests from foster/ adoptive parents), which put them in an objectionable position, i.e. the failure to reconcile professional and private obligations because their employers claim that the right is not compulsory. According to the Association of Independent Unions of Montenegro, a large number of employed parents (statistics was not kept) addressed to them, stating that they were unable to use the proclaimed right due to the fact that it is not officially defined by the relevant legal regulation and is therefore not mandatory.

Unavailability of the assistance, its misuse or its applicability according to the employers’ sense of responsibility or need, is due to lack of needs assessment among both parents and employers on the best and fitted solutions. A big, but uncertain number of women who reported this inconsistency in regulation and unavailability of data showcasing the number of these who really benefitted from the measure might lead to conclusion that the measure was gender negative, as many women with children younger than 11 were prevented from using this right.

|  |
| --- |
| Paid leave for parents of children not older than 11  |
|  |

## The first set of economic measures

The aim of the first set of economic measures was directed to maintaining the liquidity of the economy through the possibility of deferring tax and credit obligations to businesses and citizens and delaying loan repayment for citizens and the economy for 90 days. Within the first set of measures, social measures have also been defined through the identification of groups of the most vulnerable citizens who have been provided with one-time financial assistance. Target groups were not presented in gender sensitive way and it is not possible to estimate the effects on women and men, as there are no publicly available data and reports on beneficiaries that are disaggregated by sex. The first set of measures did not specify concrete sectors, but was aimed at businesses. In Montenegro, there is 22% of woman owners of MSMEs, while women entrepreneurs make 31%. Their response to the measures is not known.

|  |
| --- |
| The first set of economic measures  |
|  |

## The second set of economic measures

The second set of economic measures, adopted by the Government on April 24, 2020 was aimed at preserving jobs and creating preconditions for faster economic recovery. The measures were originally designed predominantly for two months and in the form of direct subsidies to employees in businesses for monthly earnings, and later extended for sectors estimated to be threatened by the continuation of the pandemic. A special package has also been created to support the agricultural sector. The second set of measures did not disclose the most vulnerable employees and businesses. Target groups were not presented in gender sensitive way and it is not possible to estimate the effects on women and men, as there are no publicly available data and reports on beneficiaries that are disaggregated by sex. As for the agricultural sector, general data show that women's agricultural employment accounts for a very small share of their total employment (less than 4%), and women make up a third of the agricultural workforce. Women in rural areas are rarely the owners of farms (3%). According to the data from the agricultural census, women make up only 12.9% of the holders of family farms. In addition, women are a distinct minority among the seasonally engaged labour force on farms (16.3%)[[8]](#footnote-8) Their participation share in the second measure is not known.

|  |
| --- |
| The second set of economic measures  |
|  |

## The third set of economic measures

The third set of economic measures consisted of short and long-term measures and it includes one-time support for the most vulnerable categories and increase in their salaries. Long term measures were defined as developmental ones and they included IT to open up new possibilities for Montenegro, sustainable tourism, agriculture, fishery and food processing, as well as energy. Developmental principles were set as follows: sustainable development, science and innovation, balanced regional development, green transition, investments in human capital through education and increased participation of women and youth. However, none of the measures was applying the principle of women’s’ participation and there are no indications that gender-lens was applied in any of the sectors. No analyses are presented to include women in decision making, consultations nor data available on women as interested to apply for or benefit from of the measures.

The sectors selected within the third set of measures are ones where women are underrepresented. According to UNDP survey, the crisis has brought various challenges for women entrepreneurs in the fields of tourism who have faced significantly reduced business volumes and irreparable losses. Economic measures were not adjusted to cyclical trends of tourism activities and specific needs of women, as stated by the survey. On the other hand, women entrepreneurs from the sector that survived the epidemic (e.g. financial and legal services, activities in the field of service provision, such as beauticians, etc.) indicate a significant reduction in income, as well as the fact that they failed to recover the same income level from the period before COVID-19.

There were 43,362 unemployed people in Montenegro in September, 2020 of which 59.42% were women, according to the Employment Bureau. The largest increase in the number of unemployed is recorded in the groups of occupations: Educators and teachers of the social-humanistic field, Occupations of catering and tourism, which are typically female occupations.

Within the third set of measures, target groups were not presented in gender sensitive way and it was not possible to estimate the effects on women and men, as there are no publicly available data and reports on beneficiaries that are disaggregated by sex. Gender sensitive approach is mentioned as a principle, but there is no evidence it has been applied.

|  |
| --- |
| The third set of economic measures  |
|  |

# **Chapter 3: Gendered public finance management of Covid-19 response**

As stated before, measures responding to Covid-19 crises have not been consulted with women or women organizations. The measures were regularly presented at the portal <https://www.coronainfocg.me> Also, they were broadly disseminated through media. The language that was used was not gender sensitive. It was not too technical and the measures were easy to be understood.

Cuts that were introduced were presented as a voluntary contribution from the public officials belonging to the category of the highest paid. No reallocations were made until June 24 2020. Public (men and women) were not presented in-dept information on reallocation neither a gender sensitive budget-in-brief was created. Only cumulative figures were presented and the negative effects of the COVID-19 outbreak to GDP decline strongly emphasised. Montenegro’s economy that is sturdily dependent on tourism was brought to a standstill as from mid-March. The 2020 budget, introduced a series of ad-hoc expenditures, including a 9% increase in public health and education salaries, extra funds for the purchase of medicines. Moreover, the lack of progress with the public administration optimization plan, hindered by the absence of proper functional analyses and registers across the public sector, prevented savings on wage bill in the 2020 budget. The COVID-19 upset budget plans, confronting public finances with a triple shock: the collapse of tax revenue due to the interruption of economic activity, a sudden surge of healthcare expenditure, and the need to finance support measures to preserve the economy. Only the more pressing medical needs to respond to the pandemic are estimated at 1.2% of GDP, while the first two sets of measures in support of the economy are estimated to cost some 3.6% of GDP. On June 24 2020, Montenegro’s parliament adopted a budget revision reflecting the lower income and higher spending due to the COVID-19 pandemic. The rebalanced budget sets the deficit at 7.3% of GDP. The budget rebalanced increased the annual debt ceiling to accommodate emergency loans provided by international institutions. The rebalanced budget foresees public debt to reach 82.5% of GDP in 2020. In the absence of monetary policy, further structural reforms, taking into account gender approach are needed to increase the economy’s flexibility and its capacity to recover from the adverse shock.

None of the elements were publicly debated – neither adoption of budget for 2020, Covid-19 induced measures or rebalanced budget and gender perspective is fully omitting form all the budgetary elements.

A detailed report on approved and rejected applications for all types of subsidies that were introduced was generated from the application and approved by the Ministry of Economy, based on the authorization given by the Government of Montenegro and submitted to the Ministry of Finance to proceed with the transfers. Regular information on the implementation of the program is submitted to the Government of Montenegro. Amounts for taxes and contributions are paid directly to the transitional account of the Tax Administration, from the account of the Treasury, with the delivery of the specification to the Tax Administration. The amount of the subsidy related to net salaries is transferred from the Treasury account to the account of the bank where the employee receives the salary, after which the bank, upon receipt of systematized lists with payment files containing net amounts and ID numbers of beneficiaries, distributes salaries. Gender data are not presented, although it might

Ad-hock support to the most vulnerable categories of population was directed through the Ministry of Labour. Other consumers’ units were responsible for allocation of funds from their budget lines. Generally, Budget for Covid 19 was not executed through the Treasury Single Account (TSA) for facilitating the response.

On the other side, procurement of medical equipment in emergency situation was not transparent and not in accordance to good governance principles. There is no evidence that gender and other social criteria were applied in the procurement process. The State Treasury Directorate performs activities related to: payment of consumers units; management of the accounting system of government receipts and expenditures; keeping the Treasury General Ledger; preparation of final budget accounts; monitoring the execution of the spending of funds determined by the annual budget law; developing and managing budget accounting and managing the financial information system; preparation of regular financial reports for the needs of the Minister, the Government and budget users; providing data for financial system analysis; management of available funds on the consolidated Treasury account; providing the necessary amount of funds in the consolidated treasury account required for timely payment of planned liabilities, and liquidity management; public debt management policy, preparation and proposal of legal regulations in the field of debt and cash management; participation in negotiations with foreign partners when it comes to foreign debt assumed by the Government, etc. However, data on spending are not made available for interventions during Covid-19.

# **Chapter 4: Gender impact of Covid-19 response**

There is no evidence that the Government of Montenegro reoriented controls (internal audit and audit) throughout the expenditure process nor how much women contributed to the internal controls, if at all. Also, it is very unlikely that gender criteria were used in the audit. The Government has capacity to produce in-year financial reports, but it does not make them public. There were no interim financial reports issued during the crises.

The State Audit Institution (SAI) has not published report on assessing financial management of the crisis’s response. There are no publicly available data on how many Covid-19 audits are planned and if they are planned. Performance evaluation cannot be put in place, as Montenegro does not apply performance budgeting. Instead, line item budgets are still in force that do not use indicators of any kind and therefore do not apply gender indicators.

# **Conclusions**

Montenegro lags behind the countries in the region in mainstreaming gender into the budget. The budgetary reform process is ongoing and it is expected to be done by the end of 2021. The analysis of the introduced measures clearly suggests that the economic assessment of the impact of COVID-19 on women and men in Montenegro raises the need to reshape the budget cycle in order to make it more gender sensitive and responsive and efficiently reflect programs and measures that will assure just and needs-based public funds spending. Much more needs to be done in the area of legislation that should allow for the integration of a gender perspective into budgets, and improvements in transparency, increased public involvement when creating policy as well as while presenting clear outcomes and its effect to both men and women.

The analysis of the Montenegrin government measures introduced in response to the COVID-19 pandemic indicates that gender approaches to design, implementation and monitoring have been completely absent, and that there is no publicly available data to indicate whether women and men proportionally benefited from the measures. Furthermore, it is not possible to determine whether those who face multiple vulnerabilities, such as women with disabilities, in rural areas, the unemployed, members of minority groups, etc. were specifically excluded from the spectrum of support. The integration of the gender perspective into the content of the measures introduced in connection with the COVID 19 pandemic was lacking. The representation of women and men designing the measures was not proportional, which led to the creation of gender-blind actions that do not provide a basis for assessing the effectiveness of the addressed needs and problems of both women and men faced. The gender aspect of the measures was not taken during the preparations - there was no consultation with the public, the measures were not based on the analysis of gender disaggregated data, and/or of of effects on both genders, and they did not take into account the perspectives of both genders. Gender gaps have not been addressed in any of the measures, and gender priorities are not defined. Due to the lack of these, as well as available gender disaggregated data, it was hard to assess if the measure is gender negative, gender neutral, gender sensitive, gender positive or gender transformative. The neutral language, neutral approach and neutral measures, often bring about detrimental effects to the wellbeing, most often to the detriment of women.

Revision of the 2020-2022 Economic Reform Program can be used as an opportunity

for introduction of gender responsive budgeting in the light of the COVID-19 pandemic, as well as for revision of structural priority measures in accordance with the specific needs of both genders.

# **Recommendations**

* Include women and women’s organizations at defining the response;
* Conduct in-depth analysis of the gender impact on both women and men and present the figures to the Government, as an evidence-based approach of the need to apply gender analysis and introduce GRB,
* Include the GRB principles in the budgetary reform process to identify gaps, and include the gender perspective in all elements of the budgeting cycle,
* Measure and transform the inequities of unpaid care work into an inclusive care economy;
* Use gender indicators in segregation of duties in budget execution and reporting,
* Ensure that procurement and payment management allow for monitoring of the gender perspective in budget redistribution;
* Include gender perspective in internal audit and financial reporting,
* Check the impact of the budget execution on women and men,
* Design socio-economic plans specifically for of women and girls.
1. Research” Position of Female Journalists in Montenegrin Media”, Association of Professional Journalists of Montenegro, 2020 [↑](#footnote-ref-1)
2. Gender Rapid Assessment, COVID-19, Montenegro, Ipsos, May 2020. [↑](#footnote-ref-2)
3. Publication “Women and Men in Montenegro” 2018 [↑](#footnote-ref-3)
4. https://www.imf.org/en/News/Articles/2020/06/24/pr20246-montenegro-imf-executive-board-approves-us-83-7m-emergency-supportcombat-covid19. [↑](#footnote-ref-4)
5. Source: https://www.bankar.me/2020/05/20/crnoj-gori-odobren-kredit-od-250-miliona-eura/ (accessed: 30 June 2020). [↑](#footnote-ref-5)
6. https://www.paragraf.me/dnevne-vijesti/01072020/01072020-vijest2.html [↑](#footnote-ref-6)
7. https://www.slobodnaevropa.org/a/nastava-na-daljinu-u-crnoj-gori/30525373.html [↑](#footnote-ref-7)
8. MONSTAT, Census of Agriculture 2010, Structure of agricultural holdings. [↑](#footnote-ref-8)