

The UN SOCIO- ECONOMIC RESPONSE PLAN TO COVID-19



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1 Executive Summary

The COVID-19 pandemic is presenting unprecedented challenges to Montenegro. It is first and foremost a human crisis, adding stress to the health systems and stymying economic development, and creating further challenges in achieving the SDGs. Montenegro will need to carefully consider its priorities to recover from the impacts of the health, social and economic shocks.

The UN's Socio-Economic Response Plan to COVID-19 for Montenegro has been prepared by a core team of UN staff and approved by the UN Country Team (UNCT) of Montenegro. The plan sets out the context, needs and recommended approach and follows the UN framework for the immediate socio-economic response to COVID-19. By no means it aims to replace the UNDAF 2017-2021, but rather complement it considering newly emerged needs triggered by COVID-19.

There are five key pillars to the UN's offer of support to Montenegro to mitigate the impacts of the COVID-19 crisis and support the recovery sustainably in the medium- to long-term. The narrative sections of the document outline the challenges faced by Montenegro and what the UN proposes as its approach to tackle them. These narrative sections provide the UN's offer on:

1. Ensuring that essential health services are available and protecting health systems;
2. Enabling people to cope with the challenges created and vulnerability, through social protection and basic services;
3. Protecting jobs, supporting small and medium-sized enterprises, and the most vulnerable workers in the informal sector through economic recovery programmes;
4. Guiding the fiscal stimulus and macroeconomic policies to support the most vulnerable and strengthening multilateral and regional responses; and
5. Promoting social cohesion and investing in community-led resilience and response systems.

Montenegro is facing a multitude of challenges that are testing Government's ability to support the most vulnerable persons and elements of society. COVID-19 is creating new vulnerabilities whilst exacerbating pressures on existing social and economic systems at global, regional and the

national level. The socio-economic response plan has drawn heavily on evidence and analyses from a variety of sources including impact assessments conducted by the UN.

The pandemic is placing great strain on Montenegro's health system, the ability to adequately provide social protection, stymying economic progress and challenging social cohesion. Montenegro successfully achieved zero cases by 24th May following the first period of infections. However, by 14th June, similar to other countries in the Western Balkans, Montenegro began experiencing a second wave of infections. The second wave highlights the scale of the task to ensure that Montenegro can deal with the challenges that COVID-19 presents to health systems, society and the wider economy.

The UNCT has approved the proposed support to a comprehensive, effective and timely response, with an emphasis on the needs of the most vulnerable groups at risk of being left behind and new groups of vulnerable people, which the COVID-19 pandemic is creating. The plan outlines priority actions to support Montenegro's response to COVID-19 in both the immediate-term (the coming 6 months) to mitigate the current impact of the crisis, and the medium-term (the following 6-12 months) to ensure that Montenegro puts stronger structures, systems and building blocks in place to recover better.

The Secretary General outlined that the COVID-19 pandemic is a human crisis and so the focus on the response will need to be on people. Box 1 summarises the priority areas of intervention that the UN proposes to take forward in the immediate term and medium- to long-term. The UN can offer support in the form of analysis and advocacy, technical assistance and project-based support through its extensive knowledge, convening power and expertise under the five pillars. The framework is designed with the intention of supporting countries respond and recover for a period of 12-18 months.

Box 1: Summary of UN offer

Pillar 1: Health first

<i>Area</i>	<i>Approaches</i>
Analysis and advocacy	<ol style="list-style-type: none"> 1. Support with the assessment and management of risks, while prioritizing the care priorities and essential services. 2. Advocate for and support the Government's health response in line with the pillars outlined in the Country Response and Preparedness Plan (CPRP), such as on Case Management, Infection Prevention Control etc. 3. Support the Ministry of Health to conduct a rapid situation analysis of the impact of COVID-19 on essential health services, develop an action plan to address identified gaps and provide support in implementing priority actions. 4. Advocate for continued resilience to manage the ongoing presence of the virus, and develop different scenarios for changes in transmission levels
Programme implementation and technical support	<ol style="list-style-type: none"> 5. Support to maintain essential health services (EHS) during the COVID-19 pandemic. 6. Support defining the list of essential health services that is based on the country context; establish a mechanism for monitoring of the health of the most affected vulnerable populations, and of access to essential health services. 7. Support in developing national capacities for community engagement and communication campaigns that are accessible to all, including persons with different types of disabilities, language minorities and those with poor access to the internet. Involve communities actively in the design and implementation of this support. 8. Support for scenario planning on the evolution of the pandemic in Montenegro and the region and the effects of public health and social measures to contain the pandemic 9. Support for strengthening existing policies and planning for health security

Pillar 2: Protecting people

<i>Area</i>	<i>Approaches</i>
Analysis and advocacy	<ol style="list-style-type: none"> 1. Assess the socio-economic impact of COVID-19 on vulnerable groups and identify new vulnerable groups - with targeted sub-assessments on social impact, economic impact, impact on employment and impact on gender equality. 2. Advocate for a scaled-up and comprehensive socio-economic response to counter the COVID-19 impact on vulnerable groups - on the basis of evidence collected from the various rapid needs assessments and existing data on vulnerabilities and system gaps – including advocacy to protect social sector spending from further government budget rebalancing/cuts and building new temporary safety nets for the new poor and new vulnerable individuals
Technical assistance	<ol style="list-style-type: none"> 3. Ensure continued functioning of service providers and provision of tailored social and child protection and employment services in the context of the pandemic via digitalization and strengthen institutional capacities and outreach mechanisms 4. Strengthen capacities of social service workforce at national and local levels, with a focus on human-rights based and culturally sensitive approaches to vulnerable groups (e.g. developing Standard Operating Procedures and cross-sectoral trainings on working with children, victims of GBV).

Support to service delivery	<ul style="list-style-type: none"> 5. Provide expert support, including policy simulation and costing exercises, to amend or develop new strategic and normative frameworks to enable national partners to effectively address poverty and social exclusion through improved targeting and coverage of vulnerable groups with social protection programmes and assistance. 6. Strengthen specialized face-to-face and online services provision enabling effective needs identification, awareness raising and reporting of issues concerning children, women, elderly, persons with disabilities, migrants, refugees, asylum seekers and LGBTI in the context of COVID related restrictions. 7. Expand immediate assistance in critical areas (food, hygiene items, cash assistance, education means), for the most vulnerable groups such as members of the Roma and Egyptian community, migrants, asylum seekers, refugees and persons at risk of statelessness. 8. Assist the Ministry of Labour and Social Welfare, Centres for Social Work and civil society organisations to provide social assistance and family outreach services to some of the most vulnerable families in Montenegro.
System strengthening (including capacity building)	<ul style="list-style-type: none"> 9. Strengthen the social and child protection system to make it more shock-responsive through capacity building of key national partners, support to accelerating reform processes, improving standards of servicing in social protection and employment 10. Accelerate digitization of formal and non-formal education and skills building platforms for children, adolescents and youth, including inclusive digital curriculum and teacher training for quality and inclusive teaching and learning by use of digital tools, skills building initiatives and programmes for mental health.

Pillar 3: Economic Recovery

<i>Area</i>	<i>Approaches</i>
Integrated, country-specific policy advice and programme support	<ul style="list-style-type: none"> 1. Develop analysis of the various ways COVID-19 is impacting on key productive sectors and provide an assessment of the preparedness of public and private entities to maintain business continuity. And assess public and private entities ability to take on green initiatives and digital transformation; 2. Support public-private partnerships where relevant, including public administration, and especially in areas where specialist knowledge is needed;
Protecting jobs	<ul style="list-style-type: none"> 3. Explore ways to reduce barriers and create incentives to facilitate the transitions of workers and enterprises to formality, in line with international labour standards and particularly ILO Recommendation No. 204 4. Facilitate timely and adequate tripartite negotiations around the elements of a new social compact to protect jobs and incomes, including working hours, wages, job-sharing and other aspects related to the organization of work.
Technical support to women micro and small entrepreneurs	<ul style="list-style-type: none"> 5. Explore additional measures to support businesses run by women, youth and vulnerable social groups and ensure employment programs that contribute to the environment protection; ensure innovation investment and soft support to women’s entrepreneurship through accessing technical, scientific, innovative and general business networks;
Support on strategies to green fiscal stimulus packages and digital transformation	<ul style="list-style-type: none"> 6. Support the alignment all sectoral strategies with Smart Specialization Strategy (S3) including Economic reform program 2021-2023 which should be linked to the UN Agenda 2030 and accelerate drafting of the National Energy and Climate Plan until 2035, Digital Transformation Strategy and new spatial plan of Montenegro;

7. Explore the possibility to support IDF programs dominantly on innovation and consider the introduction of “green” credit lines strengthened by the application of performance-based grant schemes (PBGS) which can be linked to the operation of the Eco Fund and the future Innovation Fund;
8. Explore the possibility of developing programs such as the purchase of green bonds of SME that provide funds to companies to invest in achieving SDG indicators defined by the prospectus in the proportion of 70% financial institution and 30% government, under more favourable conditions;
9. Explore ways to support the program of economic passports, with investments in green transition and digital transformation and consider introduction of the Estonian e-residence model¹ and analyse comparative examples of small countries that have renewed or preserved industrial capacities relying on the use of robots and other digital technologies.
10. Conduct SDG mapping of the key value chains and programs created to support the achievement of defined SDG business indicators and address segments of the value chain that can be digitized or substantially improved considering their impact on environment;

Pillar 4: Macroeconomic response and collaboration

<i>Area</i>	<i>Approaches</i>
Analysis and advocacy	<ol style="list-style-type: none"> 1. Building a better understanding of the impact of the crisis on the macroeconomy. 2. Develop analysis and advocate for support packages to focus on vulnerable groups, productive sectors and jobs. 3. Continue to advocate with Government to, at the minimum, maintain the current funding of critical services. 4. Advocate for improved structural adjustment policies to improve economic resilience. 5. Advocate and advise on means to support capital markets to prevent economic deleveraging of SMEs and maintain functioning productive sectors. 6. Advocate for reforms to tax administration and public expenditure to create fiscal space and buffers. 7. Support analysis and tripartite negotiations on reforms to reduce the labour tax wedge, an impediment to formalising the informal economy. 8. Advocate for regional cooperation through the Berlin Process. 9. Increase the focus on economic cooperation through the Western Balkans Investment Framework.

Pillar 5: Social Cohesion and Community Resilience

<i>Area</i>	<i>Approaches</i>
Social cohesion	<ol style="list-style-type: none"> 1. Facilitate public discussion on social cohesion and related capacity building of various groups. 2. Continue to deploy rapid assessment tool and methodologies, as well other robust data collection methodologies, engaging all stakeholders, especially people, communities and vulnerable groups in collecting evidence on their needs as well as designing solutions for building back better. 3. Supporting citizen engagement in the decision making regarding the design of the recovery plans and measures, as well as partnerships among institutions and NGOs in community mobilisation and service provision.

¹ <https://e-resident.gov.ee/>

Local communities' resilience

4. Provision of continuous support to the government in crisis communication and maintaining trust in the Covid-19 response.
5. Guidance on the privacy, data protection and broader human rights dimensions of using digital technologies to combat Covid-19.
6. Continuation of work on media literacy programmes, counterfeiting fake news, stigmatisation and misinformation.
7. Supporting cultural exchange and entrepreneurship, solidarity and volunteerism.
8. Support to local communities in ensuring continuity of services and their adaptation to Covid-19 reality, including mapping and reaching out to most vulnerable groups, as well as strengthening partnerships among service provider/local governments and CSOs.
9. Support to strategic, resilient local development and governance.
10. Supporting various mechanisms for enhancing dialogue and communication between citizens and among citizens and decision-makers.



2 Introduction

The COVID-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core and requires a coordinated response. The UN Secretary-General requested that UN Country Teams prepare a socio-economic response plan to support countries to address the consequences of the pandemic. The UN's framework on the immediate socio-economic response to COVID-19 outlines five pillars, against which the UN Country Team's approach should be modelled (see Box 2)

This socio-economic response plan outlines the UN's support to Montenegro to recover and build back better following the COVID-19 pandemic. The heart of the response lies at the national and sub-national level, using existing structures to ensure that the UN reaches those that need support.

Following the global UN framework, the plan seeks to protect the needs and rights of people living under the duress of the pandemic, with a particular attention to populations for whom this emergency compounds pre-existing marginalization, inequalities and vulnerabilities. The response under the pillars, therefore, focuses on the most vulnerable groups. When referring to vulnerable groups the document specifically means:

- youth who are not in education, employment or training (NEET);
- women and girls;
- the Roma community;
- children;
- persons with disabilities;
- refugees, migrants, asylum seekers, internally displaced persons, persons at risk of statelessness;
- lesbian, gay, bisexual, transgender/transsexual and intersex (LGBTI) persons;
- people living in rural areas and small farmers;
- elderly persons
- persons in detention
- Other 'new' groups facing severe challenges due to the pandemic

To comprehensively address the immediate and medium- to longer-term socio-economic impact of the COVID-19 crisis, the response has the common objective to recover better, ensuring greater

resilience to such crises, and continue to work towards achieving the SDGs. Over the next 6-18 months, COVID-19 response priorities, across all five pillars as defined by the global UN socio-economic response framework, need to be closely aligned with Montenegro's overall vision for recovery. Strategic international partners, including the UN, International Financial Institutions (IFIs) and other Development Partners can support the development and direction of this vision.

Box 2: Five pillars of response



The proposed assistance is not exclusively programmatic support, but includes advocacy and support for evidence building, technical assistance and policy support. The UN Country Team will make full use of the UN's normative mandate, expertise, programmatic assets, policy analyses and experience. It will use the UN's convening role,

partnerships and actions that enable and empower, and through advocacy and voice, connect and protect. This plan outlines the context under the five pillars, the gaps and response thus far, the UN's approach to the gaps and existing interventions.

The contextual analysis draws upon analytical work conducted by the UN, in particular assessments of the impact of the COVID-19 pandemic, including an economic impact assessment, enterprise surveys and a rapid social impact assessment. The analyses serve as an evidence base for this plan.

This plan will inform the UN Country Team's Common Country Analysis and the next UN Sustainable Development Cooperation Framework, to ensure that the UN's contribution in the medium- to long-term to responding to the challenges created by the COVID-19 pandemic are aligned with our future work.

Section 9 provides a summary of the interventions that the UN in Montenegro has already started or

has implemented during the COVID-19 pandemic to support Montenegro.

Annex A includes an overview of the epidemiological situation in the Western Balkans regarding the number of infections, incidence rate, and deaths at the time of writing.

Annex B includes a comprehensive list of the UN's offer to the response to the COVID-19 pandemic in the immediate and medium- to long-term). Actions are listed against the five pillars, with some already being implemented to support the response to COVID-19.

Resident and non-resident agencies of the UN including FAO, ILO, IOM, UNDP, UNECE, UNEP, UNESCO, UNHCR, UNICEF, UNIDO, UNODC, UNOPS, WHO and the Office of the Resident Coordinator, contributed to this plan.

3 Situation Analysis

3.1 Epidemiological situation

The World Health Organization (WHO) declared the COVID-19 outbreak a Public Health Emergency of International Concern on 30th January 2020. The world has since been facing a global crisis with millions of people infected, hundreds of thousands of fatalities as a result of the disease, nearly half of global workforce at risk or their livelihoods destroyed and major economic disruption affecting all economies and most sectors.

The crisis has swept across the globe exposing systemic weaknesses, exacerbating inequalities and poverty. While much of the world has been affected, it is increasingly evident that the crisis is hitting the most vulnerable the hardest. It is their recovery that will be the toughest, as the crisis is endangering the global path towards achieving sustainable development goals (SDGs).

Thus far, Montenegro has experienced two phases of the spreading of the infection.

On 17th March Montenegro declared its first two infections of the coronavirus, the last European country to have a confirmed case. The largest daily increase was 37 on 3rd April. During the first phase of the pandemic, there were 9 deaths and a total of 324 confirmed cases – an incidence rate of 51.6 cases per 100,000 people. During this first phase of cases the fatality rate was 2.8%, whilst the total caseload was less than 0.1% of the population.

By 24th May, Montenegro became the first European country to be coronavirus free with zero active cases. This was 68 days after the first case had been recorded. Montenegro had conducted 14,589 tests during the first wave of infections by 8th June. The first wave had a lower incidence rate than many European countries and the highest number of hospitalised citizens was 42 with maximum 10 in one hospital at the peak of the first wave.

On 14th June the first new case of coronavirus was confirmed since the lockdown ended. The case was confirmed as being imported. This reflects a pattern as seen in the Western Balkans, with a second wave affecting the entire region. North Macedonia, Serbia, Bosnia and Herzegovina and Albania have all reported a spike in cases around the same time as Montenegro. Prior to 9th July,

incidence rates in all above-mentioned countries have increased above 25 per 100,000 – a marker for allowing movement to the EU.

The second wave has already exceeded the number of cases in the first wave of infections. As of 22nd July, there are a total of 2,057 cases. This reflects a new incidence rate of 328 per 100,000. The number of cases has been rising at a faster rate than during the first wave with the largest daily increase of 116 on 19th July. By 22nd July, there have been 178 people hospitalised with 26 fatalities from COVID-19, reflecting a 1.3% mortality rate during the second wave.

3.2 National response strategies

Four days prior to the first cases of COVID-19 being confirmed, the Montenegrin Government, through the National Coordination Body for Communicable Diseases which is leading the COVID-19 response, imposed measures to contain the spread of the virus. These were announced on 13th March. The initial set of measures included:

- Physical distancing
- Closure of borders to high-risk countries – all travellers from countries with confirmed coronavirus cases were subject to isolation on arrival.
- Closure of schools and businesses not engaged in food trade or supply of pharmaceutical products or other essential functions.

The Government of Montenegro implemented the measures through different ministries and different bodies and institutions of the Ministry of Health, Ministry of Internal Affairs, Ministry of Defence, Ministry of Transport, Ministry for Sustainable Development and Tourism, Ministry of Economy and Ministry of Education

During the first wave of infections, the Government adopted two economic packages to support vulnerable groups, businesses and employees affected by the pandemic:

1. The first package included €120 million, made available through the Investment Development Fund, to support businesses, a 90 moratorium on the repayment of loans and support to vulnerable groups including pensioners.

2. The second set of measures supported employees who were affected by the lockdown, providing them with a percentage equivalent of the minimum wage depending on their employment status.

During the second wave a third package of measures was announced of around €1.2bn. The package was aimed at supporting businesses, particularly in the tourism, agriculture and fisheries sectors and provided some provisions to social expenditures in the immediate term. It outlined some support in the medium-term to support the recovery with expenditures outlined in those economic sectors and in Information Technology.

At the peak of transmission during the first wave of infections, the Government introduced further measures.

- On 24th March, intercity travel was restricted for all but essential purposes.
- On 30th March, a lockdown was imposed with a ban on leaving homes on weekdays from 7pm – 5am, and on weekends Saturday 1pm – Monday 5am.

The restrictive measures aimed to slow the infection rate and reduce the stress on the health care capacity. Investments were made to enhance the health system’s capacity at all levels, from health care delivery to the public health network and laboratory capacity.

When the epidemiological situation improved as the rate of the spread of the coronavirus diminished, the Government began easing restrictions. For example, on 21st April, the Government:

- Reduced the curfew to 11pm – 5am weekdays.
- Extended opening hours for shops, allowing them to close at 10pm instead of 6pm.

Following the second wave of infections, the Government re-imposed some measures to halt the spread of the virus. These included:

- Special measures in the municipality of Rozaje and Bijelo Polje, due to a cluster of active cases. Restrictions include the closure of the border crossing between

Rozaje and Tutin, Serbia, no public gatherings, celebrations, or outings of more than two persons except for members of the same household, and mandatory wearing of masks in all open and enclosed public spaces.

- New fines for businesses and individuals not wearing facemasks or maintaining physical distance.
- Facemasks to be worn in all open and closed public spaces (countrywide) except for beaches and national parks.

3.3 Initial macroeconomic impacts and forecasts

The COVID-19 pandemic has dealt a blow to global economic activity. In May 2020, UN DESA projected a contraction in the global economy of 3.2%.² This means that the shock was both an aggregate demand and supply³ shock. The pandemic also compounds other downside risks, such as further disruptions to trade relations, spillovers from sharp downturns in major economies, and disorderly commodity and financial market developments. At the launch of the World Economic Outlook in April 2020, the IMF predicted that the “Great Lockdown” will be the deepest recession since the Great Depression.

The shock has reverberated globally shutting down supply chains and depressing global economic activity. The supply shock began in January and into February 2020 when China ordered factories to remain closed to slow the virus’s spread. This resulted in supply chain disruptions for goods that came from China, but also to those that supplied the raw materials to make them. After China slowed down its production, the aggregated demand shock took effect. Europe and the USA as they started to be hit by the coronavirus, imposed widespread lockdowns resulting in further supply chain disruption. The lockdowns have resulted in reduced hours worked, increased unemployment and reduced incomes meaning that global aggregated demand has fallen.

The shock to aggregate demand and aggregate supply is exposing and exacerbating structural weaknesses, through internal and external imbalances in Montenegro. The pandemic impacts on different economies in different ways. Commodity exporters and small island nations

²<https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-as-of-mid-2020/>

³ The total amount of goods and services demanded and supplied in an economy.

appear the most vulnerable to the economic impacts of a slowdown in global economic activity. Countries which are reliant on tourism, an industry which will be most affected by the lockdown and reduced earnings, will likely be similarly vulnerable. Montenegro, due to the small, open nature of its economy, is therefore vulnerable to these shocks and already had structural weaknesses. Montenegro will likely suffer from reduced demand from its key external markets in Europe, which has been one of the worst affected regions. Subsequently this will have additional impact on the economy.

During the pandemic, these imbalances are being exacerbated, amplifying the impact of the crisis on the economy. The Global lockdown will impact most severely on Montenegro's key sector – tourism. International movement is more restricted and European countries are hesitant to reopen borders for fear of initiating a second wave of cases. These all create uncertainty for investors and international travellers weakening the prognosis for global tourism. Subsequently, UN World Tourism Organisation (UNWTO) has projected that global tourism could fall 60-80% in 2020, which translates into around \$80 billion worth of global exports. This comes on the back of a 22% fall in global international tourist arrivals in Q1 2020.⁴ Montenegro's tourist season predominantly relies on international tourist arrivals from the Balkans, Russia and the European Union. Approximately 80% of arrivals are during the summer period from June to September. This means that prior to COVID-19, a significant slowdown in growth in Europe could also pose risks for the tourism industry and the broader economy. This will likely lead to a widening of the current account deficit, even if demand for imports slows.

The size of the slowdown in income from tourism will determine the overall impact on the economy. Lower tourism receipts will mean a slowdown in overall economic activity which will impact on Montenegro's ability to raise tax revenues. Public finances will be tested by the need to maintain vulnerable groups and support those who lose their incomes. The fiscal deficit will, thus, likely widen as a result in 2020. This will require Montenegro to either defer the continuation of its fiscal adjustment or require a sharper fiscal adjustment in the medium-term in order to meet the 60% of GDP target required for EU accession.

⁴ UNWTO <https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020> - 7th May 2020

Such fiscal adjustments will make supporting the recovery in the medium- to long-run more difficult.

The current account and travel balance have exacerbated the imbalances



5

The prognosis for Montenegro's economic recovery is weak with external and internal imbalances set to worsen hindering any recovery efforts. However, it is still too early to provide a definitive prognosis for the economy. The structure of Montenegro's economy and its significant external and internal imbalances made it vulnerable to a growth shock from Europe. IFIs (IMF, World Bank and EBRD) have estimated that the contraction in GDP for 2020 could range from around 6%-9%, with a slow recovery expected to take two to three years before GDP returns to its end-of-2019 level. The harsher the contraction in 2020 the longer the likely period for recovery. Any contraction in the economy will have a knock-on impact on vulnerable groups and increase the probability of rising unemployment. This could generate a new group of people living in poverty and set the economy back, affecting Montenegro's path to EU accession.

3.4 Social and employment impacts

[Data from the UN Rapid Social Impact Assessment \(RSIA\)](#) - collected first in April and again in June 2020 - indicates that the health and socio-economic impacts of the pandemic are being disproportionately borne by vulnerable groups, who tend to have fewer savings and coping mechanisms and more limited access to services. Significant impacts on household income, arising from loss of livelihoods and earnings from agriculture and informal sectors (due to curfew and shop closures), as well as a fall in remittances

5 Central Bank of Montenegro: Balance of Payments

and earnings from tourism and trade, are likely to drive down consumption.

The pandemic has affected the work regime of more than three quarters of the employees who had to go on paid leave and adopt a part-time work regime, while their salaries and other benefits were reduced. In response to the crisis, 28% of companies primarily decided to shorten working hours, and 22% of them completely suspended their operations. 17% of Micro, Small and Medium Sized Enterprises and Entrepreneurs (MSME&E) either sent their employees on unpaid leave or reduced salaries and other benefits. There has been a significant decline in employment compared with the same period in 2019. March 2020 employment was 5% lower, compared to March 2019, and in April 2020 almost 8% lower compared to April 2019. Comparison of the Labour Force Survey, administrative sources of employment and the submitted tax returns, among other things, suggests a high-level informality in the labour market. Approximately 21% of employees experienced a reduction in their salary, out of which 76% work in the private sector, mainly in tourism, services and transport. One third had their salary reduced from 21% – 40%, while almost 20% did not have any income.

Around 60% of the population expects a drop-in income, of which almost 40% believe that the decline will be 30%. About 70% households can see through the crisis up to one month only. Also, 15% of businesses point out lower regular income from salary, while 25% report lower income from other work-related income. Already, during the pandemic, 20% of respondents reported either not receiving a salary or losing their job, while 12% of those reporting incomes from work were not socially insured.

3.5 Environmental impact

The existence of the COVID-19 pandemic, and the risk of other infectious zoonotic diseases⁶, is related to the pressures on natural resources and the environment, globally⁷. The implementation of the measures to contain the COVID-19 pandemic, especially the restrictions on movement, in general, reduces the usual anthropogenic impacts on the environment, such as air pollution. The restrictions on movement reduce traffic, transportation and economic activities lead to an overall reduction in carbon emissions.

⁶ Diseases that spread from animal to humans.

According to the National Environment Protection Agency (NEPA), based on the data received from 9 air quality measuring stations, the quality of air in April and May 2020 in Montenegro was at the satisfactory level. There were 2-4 days less with the exceeding level of pollution in comparison to the same period of the previous year. According to NEPA, this reduction is significant, since altogether 35 days per year with exceeding levels are allowed as per the current standard.

It was firstly assumed that the reduction in the air pollution is the result of the significantly less traffic due to the COVID-19 restrictions. However, according to the NEPA, the main reason for the reductions in the air pollution were weather conditions, i.e. warm spring months which led to decrease of heating. According to the 10-year air quality monitoring, it was concluded that using wood and coal for heating is the main reason for decreasing air quality in Montenegro. While transport sector is a contributor, it is not dominant. In general, in Montenegro, starting from April through spring and summer months, the quality of air is satisfactory, except in cases of some unpredicted disasters, such as big forest fires.

The situation might be different in larger countries, like China or North Italy, where major industries ceased their operations and where the traffic is a more significant contributor to the air pollution.

The pressures on nature and natural resources have decreased during the COVID-19 pandemic. As a result, biodiversity and nature are recovering. However, the lasting impact of the environmental recovery remains yet to be seen. Fishing and hunting bans have supported this recovery. However, restrictions in economic activities have affected the ability of environmental institutions to monitor the environmental impacts and perform essential tasks, such as fieldwork activities and the collection of data.

While the overall situation with regards to the disposal of medical waste is satisfactory at the national level, the circulation and inadequate disposal of the medical waste could contribute to spreading of the infection in certain communities.

Despite the relative improvements in some environmental indicators, mitigating

⁷ UNEP Frontier Report 2016.

environmental degradation and supporting green growth should remain part of the UN's plans to support Montenegro's recovery. There is an opportunity to build on these relative improvements and continue to green the economy. The response should be based on long term conservation and sustainable use of natural resources. These efforts should not only be centred in existing and planned "Protected Areas", but should be also driven by rightsizing of the

financial incentives to drive the green growth and full implementation of the recently introduced polluter-pays principle. The actions should be linked to achieving national targets under strategic documents, such as the National Biodiversity Strategy with Action Plan and the National Strategy for Sustainable Development, but also to supporting efforts to improve health and resilience.

4 Health first

4.1 Context

Prior to COVID-19 there were existing challenges to the Montenegrin health system. The most common health issues that the Montenegro health system faces (apart from COVID-19) are non-communicable diseases (NCDs⁸), mainly cardiovascular diseases (heart attacks and stroke), cancers, chronic respiratory diseases (chronic obstructive pulmonary disease and asthma) and diabetes, which account for 95% of all deaths. This is followed by 4% of mortality due to injury, and 1% due to communicable, maternal, perinatal and nutritional conditions. Other health areas of concern are alcohol consumption, which is the most prevalent addiction in Montenegro, and smoking. Montenegro has one of the highest tobacco usage rates across Europe. Life expectancy for men is 74 years, and 79 for women.

Overall NCD's have a heavy burden in the health system, requiring specialized services to diagnose, control and treat its main complications, with prolonged occupation bed rate, expensive drugs and medical devices, among others. The focus on prevention of NCDs outside the health sector is assessed to be limited. Within the health sector, while there is some awareness of the growing burden of NCDs, the focus of prevention has been limited to health service interventions aimed at behaviours, rather than the underlying determinants of behaviour and lifestyles (education, work and working conditions, poverty and housing). One of few studies on health determinants in Montenegro took place in 2018 and it refers to the high tobacco, sugar consumption and salt intake behaviours. The results of the 2018 study are not yet applied to change legislation on health prevention and protection, but they indicate that increased taxation applied to these products would be a powerful tool for Montenegro in achieving national and global targets related to reductions in overweight and obesity and tobacco smoking prevalence.⁹

Montenegro has progressively increased the coverage of its health system, as the country moves towards universal health coverage. Barriers remain in terms of access to the health system, such as lack of human resources, weak health structures and limited availability of medical supplies to cover the entire population. Montenegro has 8,300 health professionals. There are 199 doctors per 100,000 people and 554 nurses and midwives per 100,000 people in Montenegro. This is lower than the European average which has 325 and 554 doctors and nurses respectively per 100,000. Montenegro has the lowest proportion of pharmacists per head in Europe – 17 per 100,000 in 2015.

Dated from 2017 international reports, Montenegro has 19 health centres, and 10 hospitals. In urban areas, it was reported that the so-called choose your doctor system – as the primary care entry point to the health system – had in many places resulted in patients being unable to access care within a reasonable timeframe. Patients reported a lack of available appointments and having to resort to the private sector. The Clinical Centre of Montenegro in Podgorica is the main public hospital. Necessary supplies were calculated to cost €11.4 million in 2016. It was reported that there were severe shortages of basic supplies and equipment in public hospitals. Medical tests were repeatedly postponed because of lack of supplies or broken equipment. Many patients are referred for treatment outside the country.^{10 11}

The data available from the last decade indicate fundamental problems in the provision of health care services for citizens of Montenegro, and this has worsened as a result of the COVID-19 outbreak.¹² Health care financing in Montenegro is based on the principles of Bismarck's social health insurance, which is funded by contributions based on a person's employment status (employed/unemployed, pensioner etc.). According to the latest available data, more than 95% of the population is covered by this insurance.

8 WHO definition of NCD - <https://www.who.int/news-room/fact-sheets/detail/noncommunicable-diseases> (accessed 25 July 2020)

9 WHO study (2028), Montenegro study: taxes on tobacco and sugary drinks can save lives <https://www.euro.who.int/en/health-topics/noncommunicable-diseases/pages/news/news/2018/02/montenegro-study-taxes-on-tobacco-and-sugary-drinks-can-save-lives> (accessed 25 July 2020)

10 WHO HFA database

11 The human atlas of Europe: a continent united in diversity by Dimitris Ballas; Daniel Dorling; Benjamin Hennig, Bristol: Policy Press, [2017]

12 Stojić, V., Eraković, J. and Eraković, N., 2020. Indicators of the effectiveness of the health care financing system in the Western Balkan countries-critical analyze. *Vojnosanitetski pregljed*, (00), pp.46-46.

The missing funds for the functioning of the health system and the needs of health care are provided from the state budget. The WHO report on World Health Statistics shows that total health expenditure in Montenegro in 2017 was 9.4% of the total GDP, while expenditure for per capita healthcare \$1,242. Public expenditures are only 71.3% of total expenditures and 28.3% are private expenditures. Out-of-pocket payments include 26% of total health expenditure and 91% of private expenditure.

Upon Declaration of COVID-19 as International Emergency of International Concern in January 2020 and pandemic in February 2020 and upon the confirmation of the first case in the country on 16 March 2020, the Government of Montenegro activated emergency funds to support the prevention and control of COVID-19 as a new emergent disease. Within the health sector, additional human resources were allocated to the health system with a focus on early detection activities, with a network of epidemiologists supporting case investigation and contact tracing at local and regional level, coordinated by the Institute of Public Health. The reorganization of the health care delivery services was put in place to focus on the treatment of acute respiratory disease during community spread phase (oxygen therapy, respirators, aspirators and intensive care units). Specific support and guidance how to maintain health and hygiene conditions was provided to institutions housing persons in confined spaces and with restricted access to health care services, like correctional facilities and mental health.

The Country Preparedness and Response Plan (CPRP) was developed with the support of the UN in Montenegro under the technical guidance of WHO in March 2020. By the time, there wasn't available the approach to assess the essential services and the eventual effect of COVID-19 on overall access to health care for NCD's. The CPRP provided an overview of identified gaps and priority activities to address those gaps within the main pillars of Infection Prevention and Control, Surveillance and Case investigation, Case Management, National Laboratory, and Points of Entry. In March 2020, the main actions were identified to be urgently put in place, to avoid

broader community spread of COVID-19. Despite the allocation of emergency funds to overcome some of the gaps identified on intensive care unit (ICU) facilities, equipment and supplies, the MoH is facing challenges with the recent resurgence of cases by end June-beginning of July 2020

4.1 Needs

The transmission of COVID-19 in Montenegro is having a profound impact on the ability of national health system and primary health care to respond to surge scenarios and maintain continuity in the delivery of essential services.

Implementation and translation of national plans and strategies into operational plans and actions at subnational, specifically the local level is a challenge. The lack of clarity on the roles and responsibilities at the municipal level is a problem for the Montenegrin health system, including in terms of the collaboration between sectors for equitable and sustainable growth (only one of which is the health sector). Limited capacity was cited as a challenge to all governance functions; foremost, implementation at local level.¹³ Montenegro has an array of policies and strategies for sustainable development but currently they lack a specific focus on the health system.

The current situation warrants the rapid implementation of a comprehensive strategy, since Montenegro currently is in the phase of community transmission of COVID-19. There has been a resurgence of cases, after the initial introduction of the virus, resulting in a high level of demand on health services to treat severe and critical cases,¹⁴ including a focus on vulnerable and high-risk group population. COVID-19 is proven to be more severe in elderly (60+ years old) and people with underlying clinical conditions like lung or heart disease, diabetes or others affecting the immune system as cancer.

The national measures, taken in March 2020, before the detection of the first case, had an impact in decreasing the number of cases by 24th May, due to the strict social distancing and lockdown measures. The lifting of measures gradually took place in May-June 2020, the

13 WHO EURO: Current progress and opportunities for cross-sectoral action on social determinants to improve equity in health. Edited by Nicole Satterley, World Health Organization 2017
https://www.euro.who.int/__data/assets/pdf_file/0014/340205/montenegro-report.pdf

14 WHO guidance: Critical preparedness, readiness and response actions for COVID-19 – dated 22 March 2020: <https://www.who.int/publications-detail/critical-preparedness-readiness-and-response-actions-for-covid-19> (accessed 16 May 2020)

country reopened in most areas but by the second half of June, new cases and clusters started to be reported. Facing a resurgence of cases and as the risk of transmission will persist with possible future waves (coming in with the autumn and winter and simultaneous with the flu season), there is an ongoing need to maintain adequate preparedness and response capacities, and a consolidation of interventions for continuity of routine essential health services, so these are safe for staff and patients when they need to use them.

There is the need to ensure the delivery of health services considered essential such as emergency care for conditions like heart attacks and injury; immunization to prevent outbreaks; treatment for infectious diseases like HIV, malaria and tuberculosis; and screening and treatment for NCDs like cancer and diabetes. WHO recommends practical actions to reorganize and safely maintain access to high-quality, essential health services. It outlines sample indicators for monitoring the maintenance of essential health services.¹⁵

New health needs, related to the emergency, should be anticipated and addressed, such as an increase in mental health and psycho-social problems. These are likely to follow the initial impact of the pandemic and have already been identified in the rapid social impact assessment conducted by the UN.

The public health and social measures to contain COVID-19 lead to increased barriers to access essential health services, which is also the case in other countries. A 20% decrease in demand from emergency departments for generic internal medicine in some countries has been observed. Health services have experienced lower demand due to cancellations of regular specialisation consultations and elective services, without online or virtual options to follow chronic patients. Other barriers to accessing health services can be attributed to financial barriers, when households lose their livelihoods, practical barriers due to restrictions in movements and/or public transport, and reduced demand where people fear becoming infected when seeking health care. Specific assessments need to take place to understand reduction of health services delivery as well as morbidity and mortality rates not directly attributed to COVID-19 in the pandemic period.

To support in the current cycle of waves of COVID-19, the focus should, therefore, be on slowing down the spread of the virus by reducing human-to-human transmission and enabling the health system to cope, through:

- An active trace, test and treat strategy, mobilising a large public health team joined by the primary care doctors;
- Increased COVID-19 critical care surge capacity;
- Ensuring overall coordination of case management across all levels of the health system (public and private, primary, secondary and tertiary) and managing caseload (quarantine in home settings, prioritized care and activated triage procedures, scale up surge plans for health facilities, designated referral hospitals);
- Protecting the health workforce from COVID-19 by improving infection control, prevention procedures and personal protective equipment (PPE) use;
- Reinforce and ensuring continued targeted and tailored risk communication and community engagement activities based on evidence and analysis of public risk perceptions and behaviours with the support of other sectors and UN agencies;
- Sustaining the delivery and access to essential health care for those who need it, especially for patients with NCD, pregnant women and children, older persons and persons with disabilities, migrants and high-risk groups;
- Ensuring the full integration into the health response of the situation of those living and working in institutions with high population density, including prison, police detention, other correctional facilities and mental health institutions.
- Mobilizing emergency funds to pay for increased cost in care due to COVID-19.

The Ministry of Health (MoH) is responding accordingly with a strategy in line with WHO guidelines to slow down the virus spread. This is done by reducing human-to-human transmission, which enables the health system to cope. The active tracing, test and treat strategy is central to these efforts. The Government has enhanced surveillance and monitors the number of cases at national level. More focus is required to allocate

¹⁵ Maintaining essential health services: operational guidance for the COVID-19 context – dated 1 June 2020:

<https://www.who.int/publications/i/item/10665-332240> (accessed on 27 July 2020)

resources at subnational level. The resurgence of cases in June has highlighted the sensitive surveillance system that enabled the country to promptly implement targeted restrictive measures.

Montenegro needs increased COVID-19 critical care surge capacity, including medical equipment/devices for treatment in Intensive Care Units (ICU). Some equipment has been allocated to the reference hospitals but the resurgence of cases since mid-June may overwhelm the existing capacity.

The resurgence in cases means that Montenegro needs to ensure the overall coordination of case management across all levels of the health system (public and private, primary, secondary and tertiary) and management of the caseload. Case Management and Infection Control has been enhanced through trainings, but needs to be maintained to avoid the exposure of health care workers to the virus. Internal contingency plans with focus on triage and guidance for hospitalized treatment for severe cases still need to be implemented or reinforced.

Points of entry into the country will need to be reviewed considering the new set of cases. Setting of quarantines facilities for repatriates returning from affected areas have been identified and developed; the current capacity and its use may need to be assessed and adjustments may need to be made. Specific operational procedures for detection and management of suspected cases among migrants and asylum reception centres have been put in place but access to specialized care in case of severe diseases needs to be assessed and addressed as necessary

Continued risk communication will be needed to overcome misinformation and to provide guidance to households. UNICEF, in close cooperation with WHO, strengthened national capacities for risk communication and community engagement and provided technical assistance and evidence on public risk perceptions and behaviours. An emergency risk communication plan was developed by WHO; the current epidemiological situation may require a review of the risk communication strategies and how to engage the community for adequate physical distancing and taking the necessary hygiene measures.

16 Towards a digital health roadmap for the WHO European Region (2020): <https://www.euro.who.int/en/health-topics/Health->

WHO is supporting a European roadmap for accelerating the digitalization of health systems¹⁶ with the focus on digital health and how it can improve efficiency of health care and support the training of the health workforce, strengthen public health surveillance, and provide health services to remote and underserved populations.

Barriers remain to adopting digital tools. During the pandemic focus has shifted to new models of care, supported by digital technologies, that have the potential to support public health and health delivery services. IT can support real time surveillance of the virus in Montenegro. COVID-19 is an opportunity to implement the right tools to facilitate the feeding of the system with epidemiological, laboratorial, health services and public health data, in order to better monitor and follow situation evaluation and support decision making. Telehealth/teleconsultations can be used to support primary health care activities. Digital tools have the potential to facilitate diagnosis, reorganize care delivery models, strengthen surge capacity and inform individuals on measures for prevention and treatment, and overall strengthen the health system response to COVID-19.

Improving the IT infrastructure of the entire health system has significant implications for the improvement of the quality of health services' provision and the process of evidence-based and timely strategic decision making, especially at times of crisis such as COVID-19. This could be achieved by boosting implementation of an optimized system of state registers able to efficiently generate and exchange data to be used in COVID related environment.

The important part of the Health sector digital transformation is linked with introduction of the telemedicine. With the COVID-19 crisis outbreak, possibility for provision of remote medical services to patients becomes even more important, especially for vulnerable groups of population, in order to minimize their exposure to the additional health risks. With telemedicine in place, it would be possible to provide services of diagnostics, healthcare, prevention, follow-up visits, management of chronic conditions, medication management, specialist consultation and a host of other clinical services without physical contact in-person-visits. The additional benefit is possibility of provision of quality health care services to patients in remote, rural and isolated locations.

systems/pages/news/news/2019/2/towards-a-digital-health-roadmap-for-the-who-european-region (accessed 29 July 2020)

integration of eventual catch up campaigns of the National Immunisation Programme and the reinforcement of flu vaccines. Cancer treatment, blood safety and other chronic disease control need to be maintained, providing alternative digital essential services solution when suitable. Medium-long term approach for preparedness and response needs to consider future procurement, distribution and administration of COVID-19 vaccine when available.

The UN will support the MoH to conduct a rapid situation analysis of the impact of COVID-19 on essential health services, develop the action plan to address the identified gaps and provide support in implementation of priority actions as defined in the Action Plan for ensuring continuity of essential health services. The UN will continue to support national authorities in strengthening their capacities for risk communication and community engagement, including in evidence generation and analysis.

In the medium- to long-term, as the risk of COVID-19 transmission will remain for the foreseeable future, the capacities that are now put in place for preparedness and response, based on the first eight pillars of the COVID-19 CPRP need to be maintained. Rather than managing this as a temporary implementation of specific preparedness measures and scaling up response and treatment that can be phased out when a pandemic is controlled, it is important to recognize that the virus will continue to be present, and to identify different scenarios for changes in transmission levels.

Programme implementation and technical support

In the immediate response, the UN will provide support to maintain essential health services (EHS) during the COVID-19 pandemic and thus reduce morbidity and mortality not directly related to

COVID-19. WHO has developed operational guidance on maintaining EHS during the COVID-19 pandemic to support countries. It provides guidance on a set of targeted immediate actions that countries should consider at national, regional, and local levels to reorganize and maintain access to essential quality health services for all.

The UN will support defining the list of essential health services that is based on the country context; and establishing a mechanism for monitoring the health of the most vulnerable populations (outlined above) and access to essential health services.

The UN will provide support in developing national community engagement and communication campaigns that are accessible to all, including persons with different types of disabilities, language minorities and those with poor access to the internet. Involve communities actively in the design and implementation of this support. This will require transparency and frequent communication with the public, specific allocations to ensure access for vulnerable populations, active engagement of communities and other stakeholders, and a high degree of cooperation from individuals.

In the medium- to long-term, support for recovery and resilience in the health sector should focus on maintaining key interventions as currently implemented under the CPRP, considering different scenarios for the evolution of the pandemic in Montenegro and the region and the effects of the subsequent public health and social measures required to contain the pandemic.

To achieve longer term resilience related to health emergencies, these investments must strengthen existing policies and planning for health security.

5 Protecting people

5.1 Context

The COVID-19 outbreak affects all segments of society but particularly impacts the most vulnerable groups; people living in poverty, children, elderly, persons with disabilities, minorities, refugees, asylum seekers and persons at risk of statelessness and migrant workers. Measures taken to contain COVID-19 are likely to have contributed to the emergence of new groups of vulnerable people (“new poor”), whose household income largely depends on the informal economy and who are not covered by social protection and/or eligible for employment benefits.

A prolonged crisis could have far-reaching consequences, such as permanent job losses in affected sectors and informal sectors (which already appear significantly affected) - possibly leading to other adverse impacts such as increased household indebtedness, domestic and gender-based violence and violence against children.

World Bank projections¹⁸ indicate that COVID-19 could raise the poverty rate in Montenegro by an estimated 1.5–3 percentage points, depending on whether the crisis lasts one or two quarters, but most of the “new poor” may be unprotected. Between 9,000 to 20,000 citizens could fall into poverty due to the economic shock.

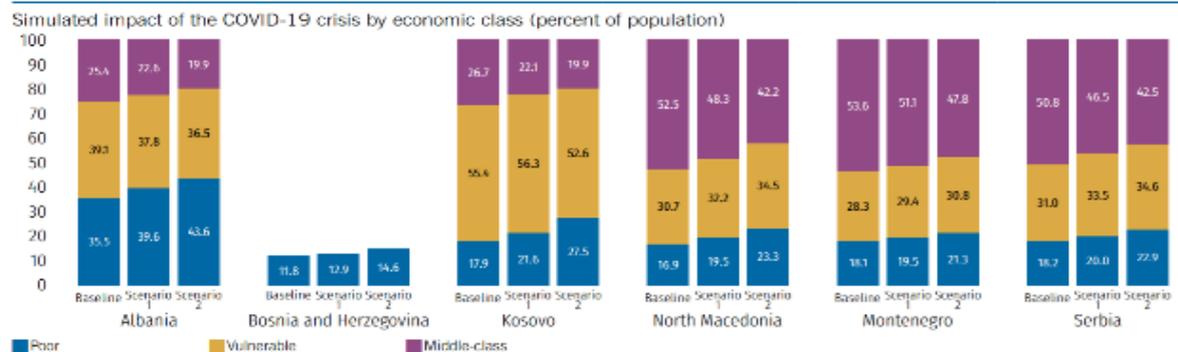
More than 80 percent of Montenegrins who, because of the COVID-19 crisis, could become poor, currently do not have any social protection support. According to the ILO/EBRD “Covid-19 and the World of Work - Rapid Assessment of the

Employment Impacts and Policy Responses”, for Montenegro, 36,000 jobs are at immediate risk. This could imply a loss of 15 percentage points in the employment rate (baseline scenario), even if adequate measures are implemented during the reactivation and recovery phases.

Social Assistance – The most vulnerable groups in Montenegro have been particularly affected by loss of livelihoods. The income of families with persons with disabilities for example has been significantly reduced due to the pandemic, potentially indicating that they relied on additional sources of income on top of social benefits. Their urgent needs pertain to food, hygiene products, sports and recreation, and internet access.

The Rapid Social Impact Assessment (RSIA) also revealed that the Roma and Egyptian community is especially vulnerable to shocks - the majority of respondents’ income had been either completely lost or substantially reduced. Food is among the key urgent needs, followed by hygiene products, medicines, clothing and accommodation. More than three-quarters (77%) of refugees, asylum seekers, and persons at risk of statelessness reported to have immediately lost their jobs/ incomes – especially those registered in the asylum system as nine out of 10 of them (some 90%) have completely lost their jobs/incomes and the remaining one-tenth (some 10%) have received a salary reduced by more than 50%. Fifty percent of lesbian, gay, bisexual, transgender and intersex (LGBTI) persons who took part in the RSIA had lost their complete or more than 50% of their income. Their priority needs were food, shelter and medicine.

Figure 3. The COVID-19 outbreak could push a large share of vulnerable people into poverty.



¹⁸<http://documents.worldbank.org/curated/en/236311590680555002/pdf/T>
he-Economic-and-Social-Impact-of-COVID-19-Poverty-and-Household-Welfare.pdf

A significant number of migrant workers who are still in Montenegro have faced a significantly reduced or total loss of income. Most respondents indicate hygiene products as their priority need, which is followed by food and accommodation. Children in Montenegro have been affected by the COVID-19 pandemic in multiple ways. Many families have suffered a considerable or complete loss of income – with families who receive social cash transfers, single parent households, Roma families, and families with a history of substance abuse seemingly most affected by the loss of income.

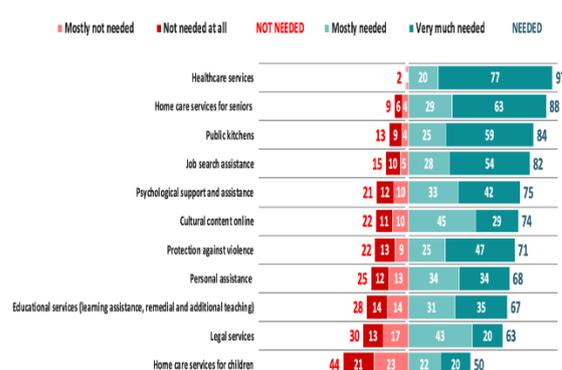
Montenegro’s short-term policy responses initially targeted vulnerable groups who were already covered by the social protection system. The Government’s first socio-economic response package provided one-off financial assistance to low-income pensioners and social welfare beneficiaries of €50 each (approximately 8,500 families, 11,900 pensioners). The second package included financial assistance of €50 for unemployed persons who were on the register of the Employment Bureau on March 31, and who were not receiving any benefits at this point. This measure included 17,078 unemployed persons, for whom 853,900 euros were allocated and paid.

The public electricity company (EPCG) provided additional subsidies to customers who are already recognized as the poorest. Government and civil society organisations, including the Red Cross, provided support through food and material aid, provision of protective equipment for certain categories of citizens.

Experience from previous economic crises shows that maintaining social expenditure at pre-crisis levels may not be enough. More people will need social protection and may use public rather than private social services as a result of the crisis. In Montenegro, social protection programmes could be overwhelmed by the size of the required response with an increasing debt challenging the ability to mobilize sufficient domestic resources. As part of the Government’s Budget Rebalancing Proposal for 2020 in June, expenditures for social protection for the most vulnerable were reduced – with the budget for child allowances and material family support decreased by 6.6% and 3.2% respectively. As the crisis is unfolding, the importance of shock responsive social protection systems that can reach affected households with immediate assistance has become more evident.

Social services – The limited capacities of the social welfare sector have caused challenges to respond adequately to the crisis and provide essential services to the most vulnerable. Older persons have not only been exposed to greater health risks but also faced challenges to support themselves during isolation. Homeless people, because they may be unable to safely shelter in place, have been more exposed to the danger of the virus. Some persons with disabilities have been cut off from vital services due to physical distancing and closure of day care centres. This is also experienced by LGBTI persons, in particular during the lockdown when the two centres providing services to the community and as peer-to-peer support was limited. Persons in care homes, prisons, detention centres or in mental health institutions have been at higher risk of exposure to the virus due to the confined nature of the premises. For those held in police detention, this is exacerbated as many cells lack adequate health and hygiene conditions. The ban of visits from family members is also affecting the mental well-being of the persons living in these institutions.

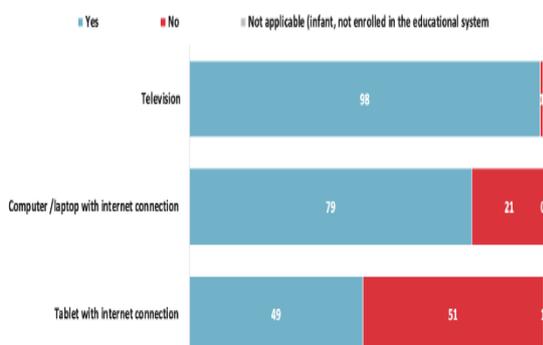
The progressive adoption of restrictive measures to limit the spread of the COVID-19 virus has also gravely jeopardized the livelihoods and resilience of refugees and asylum seekers living in private accommodation in Montenegro. Some services have been reinforced during the crisis, including psychological support through free telephone lines.



RSIA Figure 1: In your opinion, what public services and services are currently needed by/important to the people of Montenegro and to what extent? Source: UN RSIA

Education – Over 118,000 children and young people have been directly affected by school closures. Education services were interrupted for one week after which distance learning (#UciDoma – Learn at Home) was rolled out through

broadcasting of video materials on TV and YouTube, and a new web portal www.ucidoma.me. While continuity of education was maintained the distance learning system was not accessible to all children. Especially the poorest and most marginalized children also face broader risks linked to limited access to essential services like pre/school feeding programmes, information on disease prevention and personal hygiene, as well as continued provision of educational support through distance learning programs. School closures thus put gains made in access to education and learning at risk, especially for the poorest and most marginalized children and young people. This was confirmed by the April data from the RSIA which highlighted that a significant percentage of households with children and adolescents of school age did not have computers/laptops (21%) or tablets (51%) connected to the internet that can be used for distance learning. Children serving a correctional measure in the 'Ljubovic' Centre for Children and Young People' faced challenges in continuing their education as there was limited equipment for online learning. As a result of the UN system response some gaps were closed and RSIA data from June showed that a large majority of children (97%) took part in distance learning.



RSIA Figure 2: Does your household have the necessary technical requirements for your child to be able to follow a distance-learning programme, i.e. the following devices: television, computer /laptop with internet connection, tablet with internet connection? Source: UN RSIA

Gender-based violence/Domestic violence - As a result of lockdown measures, many women and children faced an increased risk of domestic violence. The Women's Safe House in Podgorica received an increased number of calls - by 46% in comparison with the same period last year (March 16th till June 1st, 2020). Accommodation in shelters was provided for 60% more victims of gender-based violence than in the same period last year. The national SOS helpline has also registered an increase in demand for their services during COVID by 18% with observed significant

increase of calls after the lockdown measures were eased, when the National SOS helpline had 32.5% more calls (May 2020). NGOs working with child victims or witnesses of violence report an increase in such incidents, as well as a change in their nature, as psychological violence including arguments between spouses/partners and between parents and children, particularly adolescents, have become more prominent. With divorced couples, child visitation rights have become a concern, while relatives and friends seem to be pressuring women not to report violence. NGOs and members of the LGBTI community have also reported incidents of violence and abuse, in particular of those who due to loss of income had to return to their original homes that are homo- or transphobic.

Food/Nutrition - Although the retail sector faced challenges during the lockdown, the supply chains in the country remained intact and the capacity to supply essential agri-food items has remained satisfactory. However, the crisis has shown that primary producers of agricultural products remain extremely vulnerable to demands shocks caused by the national curfew and closure of the hospitality sector. The reduced purchasing power of the most vulnerable households (due to loss of employment, cuts in wages and increase in prices) may have direct effects on the quality of nutrition by selecting cheaper and inferior food. Such decrease in diet quality will have significant impact especially for children which are, according to relevant studies, often having issues with obesity. For many vulnerable families, food supplies through front line organisations such as the Red Cross were the only way to sustain their livelihoods during the lockdown.

Water/Sanitation – As hand and body hygiene is a critical intervention to tackle transmission of COVID-19, water, sanitation and hygiene commodities such as soap, hand sanitizers and disinfectants (household bleach and chlorine solutions) have proven to be essential. Due to disrupted supply chains, limited availability and increase in prices, some of these articles have not been available to the most vulnerable households. The most marginalised households such as Roma and Egyptian, and poor families have been at high risk of infection due to poor handwashing and hygiene practices and lack of personal hygiene supplies. Some regular police detention premises in the country, including the ones in Podgorica, Cetinje and Danilovgrad, have insufficient hygiene conditions, which can increase the potential of COVID-19 spreading among detained people.

5.2 Needs

The UN RSIA identified a number of critical immediate and longer-term needs of particularly vulnerable groups which were in the focus of the UN response in the country.

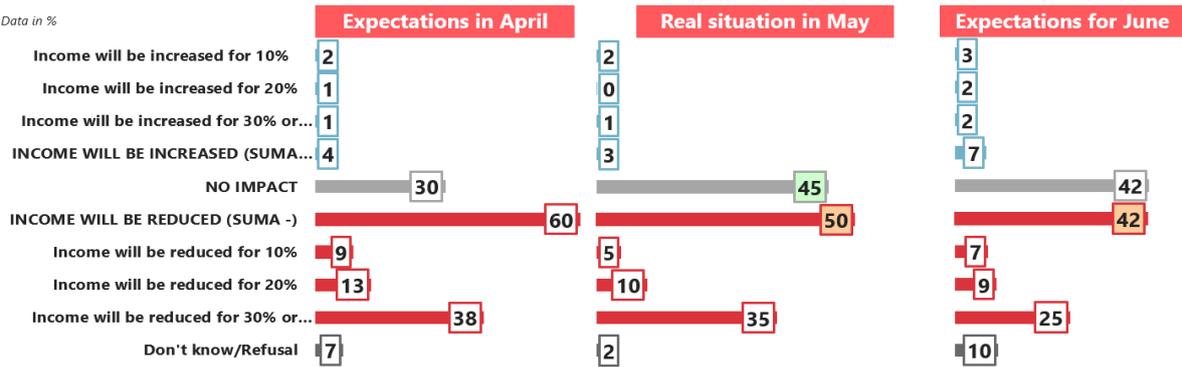
Scale up and expand resilient and pro-poor social protection systems

Undeclared workers (who make up approximately 30% of the work force) were already vulnerable before the crisis and have been particularly affected by the large-scale measure to contain the virus. Most of them are not covered by social insurance or other protection mechanisms linked to formal employment, nor do they qualify for poverty-targeted social assistance schemes. The UN RSIA showed that, already in April, people started to feel the consequences of COVID-19 as they began to lose their jobs and, in some cases, their salaries were reduced. While pensions and social benefits have remained unaffected, 15% of respondents reported a reduction in their salary. Almost one-fifth of the respondents reported that at least one member of their household has either lost their job or stopped receiving a salary even though they are still working. Almost one-quarter of the respondents reported that at least one member of their household received a reduced salary since lockdown measures were imposed. The share of families that cannot afford basic needs, including food and medicines, increased by 8% in the month after the COVID-19 pandemic started. Among the respondents who live in households with babies or children younger than 6 years old, the affordability of relevant products has decreased as well. Before the coronavirus outbreak, 94% of households could have afforded

baby- and child-related products, while only 60% state that they can afford them now. A similar trend can be observed in households with children between 6 and 18 years of age. Among them, 33% of families report not being able to pay for clothes and footwear for their children. Asylum seekers, refugees, including some refugees from the former Yugoslavia and persons at risk of statelessness have been particularly affected by the pandemic. They are among the most marginalised parts of the population with respect to their socioeconomic perspectives with an unstable legal status in the country and not included in any public planning.

Based on the findings from the second round of data collection as part of UN RSIA it seems the situation in June has slightly improved in comparison to April due to the lifting of the lockdown measures. Yet half of respondents of the quantitative survey stated that their family income was reduced in May compared with the period before the pandemic. Somewhat less than half of citizens stated that there was no change, and the share of those with increased income is 3%. Single-person households and the elderly above 60 years of age were more likely to state that there has been no change. Somewhat more than two fifths of citizens of Montenegro assessed that their income will be reduced in June, while same portion of citizens expected no changes. A reduction income above 30% is more likely to be expected in the South than in other regions. While most respondents reported that their situation improved in comparison to June it is expected that after the summer period – which provides usually for employment in the tourism and agriculture sector - a deterioration of the situation of households could be expected for the autumn and winter period.

Data in %



Findings from the second data collection of the UN RSIA, June 2020 - In your estimation, how will the new coronavirus affect the financial situation of you and your family this month (April)? Did coronavirus affect your and your family's financial situation in May, compared with the situation before the pandemic? In your opinion, will coronavirus affect your and your family's financial situation in June?

Support the continuity of social services and access to shelters

The pandemic imposed significant barriers at national and local social services provision to the most vulnerable groups including elderly, people with disabilities, children, women, and families at risk of violence, abuse, exploitation, neglect and family separation. Fear, worry and acute stressors coupled with diminished availability of social workers and case workers have left women and children exposed to risks of violence, abuse, exploitation and neglect.

Due to social distancing measures and movement restrictions, elderly people who depend on their family members have been facing serious challenges, especially those living in rural areas. Following the pandemic containment measures, day care centres for the elderly and for children and adults with disabilities across the country were closed and thus interrupted vital service provision. The increased need for psychosocial support and counselling, due to the reduced movement and social contact resulted in acute needs for increased psycho-social support. When asked which public services they need most at the moment, the following three services were stressed as the most urgent: health services (75 respondents), home assistance (56), and psychological support (25). People with disabilities and their family members indicated that they need health services, followed by psychological support, and assistance in finding employment. Some of them have faced additional health problems due to restricted movement, such as rising levels of depression and anxiety. Adolescents and young people stressed the importance of mental health during the COVID-19 pandemic and that there is

not enough psychological support, in general, but particularly for young people.

Secure sustained learning for all children, and adolescents, preferably in schools

The findings of the UN RSIA show that school closures have had a wide range of adverse impacts on children, adolescents and young people, including interrupted learning, reduced protection and limited human interaction which has significantly hampered children's well-being, socio-emotional development and mental health. When schools and especially kindergartens closed, many children from the most at risk families also lost the meals provided at school and a zone of safety. School interruption also caused gaps in childcare, which puts pressures on work and life balance, especially for women, and parents when asked to facilitate the children's learning at home. The Assessment data from April revealed that a significant percentage of households with children and adolescents of school age do not have computers/ laptops (21%) or tablets (51%) connected to the internet that can be used for distance learning. Inability to access the internet could significantly hinder children's learning. According to their parents, the public service that children most require support/assistance with has been distance learning. This holds true particularly for beneficiaries of social assistance, Roma families, children in foster care, children in correctional facilities, and children whose parent(s) have a history of substance abuse. According to their parents, Roma children have had numerous difficulties in engaging in distance learning and need significant assistance with their homework. They also fear discrimination once they return to school. The Assessment data from June also shows that parents were overall satisfied

with distance learning. The majority of those whose children participated in distance learning singled out communication with teachers as the most positive aspect of the process – three fifths of these citizens are satisfied with this aspect. Despite evaluating some aspects of distance learning mainly positively, approximately three fifths of citizens whose children took part in distance learning still think that their children obtained less knowledge than they would in traditional school.

Support victims of Gender-Based Violence (GBV)

There is overwhelming evidence that gender-based violence (GBV) increased during the global pandemic, including in Montenegro. Reduced freedom of movement, stress, disruption of social and protective networks, decreased access to services have led to an increase of risks of violence for women and adolescent girls and increased the risk of violence against children. Help lines for victims of gender-based violence in Montenegro reported a significant increase in calls. The SOS line reports an increase of 27 percentage points in March after the country announced lockdown measures, while the Women’s Safe House, only in the first week of April, started to register an increasing number of calls for support and requests for accommodation in the shelter. With the increasing number of calls, staff at the Women’s Safe House reported more requests from former clients for food or financial support due to losing their jobs and income. The health safety measures introduced during the crisis were not reconciled and/or seem to have overridden previously established measures to protect the lives and safety of victims of domestic violence. The dynamics of pandemic outbreaks require effective engagement, coordination, and cooperation between a wide range of sectors and actors, including not only the public health agencies focused on human health. Critically, the social and economic difficulties that victims experience may have a direct impact on their immediate health and safety.

Maintain essential food and nutrition services

COVID-19 and related measures have an adverse impact on the quality of diets and nutrition, and this can quickly translate into increased negative effects on health among the population groups with the highest nutrition needs with a focus on infants and young children, women and particularly vulnerable populations (refugees, migrants etc.). As per MICS 2018 data, in

Montenegro, 7% of children under five are stunted and 7% of children under 5 are overweight, while 21% of Roma children under five are stunted while 3% are obese. Although child obesity during early years is not high in Montenegro (based on the MICS6), as children grow, according to WHO Child Obesity Surveillance Initiative (COSI) in Montenegro, 37% of boys aged 7 are overweight and 19% are obese, when it comes to girls aged 7, figures are 29% and 9% respectively. According to the UN RSIA, across all types of households with children, the primary needs pertain to food and hygiene kits.

Ensure continuity and quality of water and sanitation services

Although the situation with water and sanitation services is generally satisfactory, some vulnerable households such as domiciled or refugee Roma and Egyptian, refugees and asylum seekers, person at risk of statelessness and migrant workers are facing increased health risks due to poor access to clean water and sanitation given that they more likely to live in informal and inadequate housing. Many migrants – particularly low-skilled migrant workers – live in overcrowded and poor housing where the risk of contagion is greater. As part of the UN Rapid Social Impact Needs Assessment most respondents indicate hygiene products as their priority need, which is followed by food and accommodation.

5.3 Approach

The UN System in Montenegro is supporting the Government of Montenegro in the immediate response to the socio-economic impact COVID-19 and the medium-term recovery. The aim of the UN assistance to the Government is to mitigate the negative impact of COVID-19 on the most vulnerable groups (“Protecting People”) and to strengthen social systems to make them more resilient - using the Agenda 2030 as a framework for the recovery (“Build back better”). In line with the UN Rapid Social Impact Assessment conducted in April and June 2020 the UN support focuses on protecting existing vulnerable groups – children, adolescents, the elderly, persons with disabilities, domiciled or refugee Roma and Egyptians, refugees, asylum seekers, and persons at risk of statelessness, migrants (seasonal workers, foreigners) and the LGBTI community – while paying particular attention to “new” vulnerable groups that have emerged as a result of the COVID-19 pandemic, for example those who

depend on income from the informal economy. The UN support measures will be implemented through four support modalities: analysis and advocacy, technical assistance, support to service delivery and system strengthening (including capacity building).

Considering the scale of the challenge there are several areas that the UN will explore as a priority.

Analysis and Advocacy

Assessing the socio-economic impact of COVID-19 on vulnerable groups and identifying new vulnerable groups - with targeted sub-assessments concerning the social impact, economic impact, impact on employment and impact on gender equality.

Targeted advocacy for a scaled-up and comprehensive socio-economic response to COVID-19 impact on vulnerable groups – based on evidence collected from the various rapid needs assessments and existing data on vulnerabilities and system gaps – including advocacy to protect social sector spending from further government budget rebalancing/cuts.

Technical Assistance

Ensuring continued functioning of service providers and provision of tailored social and child protection and employment services in the context of the pandemic via digitalization and strengthening institutional capacities and outreach mechanisms.

Strengthening capacities of social service workforce at national and local levels, with a focus on human-rights based and culturally sensitive approaches to vulnerable groups (e.g. developing Standard Operating Procedures and a cross-sectoral trainings on working with children, victims of GBV, developing unique nation-wide criteria for disability determination)

Providing expert support to amend or develop new strategic, legislative and normative frameworks as well as policy simulation that would

enable national partners to effectively address poverty and social exclusion through improved targeting and coverage of vulnerable groups with social protection programmes and assistance.

Support to Service Delivery

Strengthening specialized face-to-face and online services provision enabling effective needs identification, awareness raising and reporting of issues concerning children, women, elderly, people with disabilities, migrants and refugees in the context of COVID related restrictions.

Expanding provision of immediate assistance in response to critical areas (food, hygiene items, cash assistance, education means), for the most vulnerable groups such as domiciled or refugee Roma and Egyptian, migrants, asylum seekers and recognized refugees and persons at risk of statelessness.

Assisting the Ministry of Labour and Social Work and Centres for Social Work as well as civil society organisations to provide social assistance and family outreach services to some of the most vulnerable families in Montenegro.

System Strengthening (including Capacity building)

Strengthening the social and child protection system to make it more shock-responsive through capacity building of key national partners, improving standards of servicing in social protection and employment.

Accelerating digitization of formal and non-formal education and skills building platforms for children, adolescents and youth, including inclusive digital curriculum and teacher training for quality and inclusive teaching and learning by use of digital tools, skills building initiatives and programmes for mental health. This includes strengthening also hardware infrastructures, both in national institutions and among education providers.

6 Economic recovery

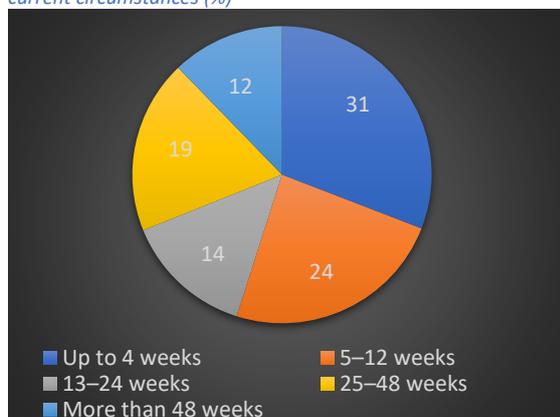
6.1 Context

COVID-19 has negatively impacted the economy in various ways. The pandemic, and the related economic shock, is constraining human and physical capital, depressing commodity prices, and restricting travel. It is causing disturbances in international trade and outflows of capital from emerging markets, due to greater uncertainty. As section 3.3 shows, the prospects for the Montenegrin economy are worsened by its reliance on tourism and the restrictions on global travel.

The National Coordination Body for Communicable Diseases took early actions and proposed temporary measures to slow down the spread of the virus. This directly affected the operations of businesses that had to react promptly in order to preserve business continuity and liquidity. The crisis has triggered adoption of measures to protect jobs and workers, ensure decent work and protect productive assets, units and networks.

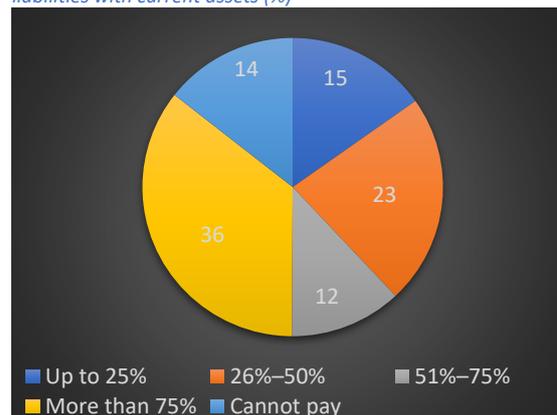
Preventative measures have created issues for employers in sustaining their operations. The reduced volume of economic activity has contributed to the reduction in total employment in the country, in terms of both number of jobs and aggregate hours of work. Their position is particularly vulnerable, especially for those in the tourism and hospitality sector, recreation, arts and entertainment, and businesses in the transport, trade, and service sectors. Some were forced to suspend their operations altogether and maintain liquidity using reserves. The potential economic recession will likely create higher unemployment.

Number of weeks in which a company can remain open in the current circumstances (%)



During the first wave, the reduced demand caused by the lockdown was the most significant challenge faced by Montenegrin businesses - 29% of businesses could not meet their liabilities at all or could only meet up to 25%. Companies from the South have felt the consequences the most, given it is the most tourist dependent region.

Level up to which a company can pay off its current short-term liabilities with current assets (%)



The thin capital buffers of firms are being tested. Almost 56% estimate that under restrictions they can work for a maximum of up to 12 weeks suggesting severe liquidity issues. The reduced demand caused by the lockdown is the most significant challenge on the market, faced by Montenegrin businesses 29% businesses cannot meet their liabilities at all or can only meet up to 25%. Companies from the south have felt the consequences the most, given it is the most tourist dependent region.

The problems with illiquidity, if prolonged, will potentially trigger subsequent insolvencies. Lack of resources and raw materials, labour, capital to conduct regular business operations and disrupted supply chains are difficulties that businesses are directly faced with due to the crisis. In addition, companies have taken various measures vis-à-vis their suppliers, consumers and customers.

Depressed demand has caused falling sales and rising losses for businesses, compared to the same period a year ago. Since the economy is mostly service oriented, businesses from this sector immediately felt the consequences of the crisis in terms of losses of over 75%, while 7 out of 10 companies expect a decrease in revenue in the next 3 months. This is likely to lead to a period of economic deleveraging, as firms struggle to repay

loans as the Government's imposed three-month moratorium on repayments ends.

Restrictions have had an impact on the participation and consumption of cultural content, affecting the income generation for entities in the culture and creative sector. All cultural activities and events involving public were cancelled or suspended and institutions closed due to the restrictions of public gathering and free movement. For example, 42% cultural institutions reported that up to 50 previously scheduled events or cultural manifestations were cancelled or postponed. The downturn in tourism deeply affected the culture sector, particularly heritage sites, museums, events, and cultural production, notably crafts.

The restrictions have also imposed costs on firms at a time where profit margins are being squeezed. To meet the requirements for working under the new normal, 71% of companies surveyed had procured protective equipment to work with suppliers, and a significant number negotiated with them to change payment deadlines or cancel orders. Also, more than a quarter negotiated with consumers about delaying delivery due to the impact of crisis on their partnership.

Most companies did not start or increase their use of the Internet to perform business functions during the crisis. Only 8% of firms surveyed invested in new equipment, software or digital solutions in order to successfully cope with the challenges. Across all sectors, only two-fifths of businesses use the Internet, platforms and social networks for business administration, while close to one-third use it for marketing. Around 73% do not use external digital platforms, applications or the company's website for sale. Although investing in innovation and technical solutions to strengthen the use of digital services and green businesses were recognized to be possible future priorities for the economy.

However, 60% of businesses in the Cultural and Creative Industries (CCI) sector switched to online way of performing business activities (publishing companies selling books, graphic design companies making COVID-19 related web pages, film production companies creating 3D virtual tours).

6.2 Needs

The Government of Montenegro has supported the economy with two packages through a set of financial, tax and other measures, primarily related to liquidity support. A third package of measures was announced on the 23rd July. See section 2.2 for more detail. In general, 9 out of 10 companies in Montenegro have heard of measures prescribed by the local or national Government, while 6 out of 10 companies have reported or used some of the prescribed measures.

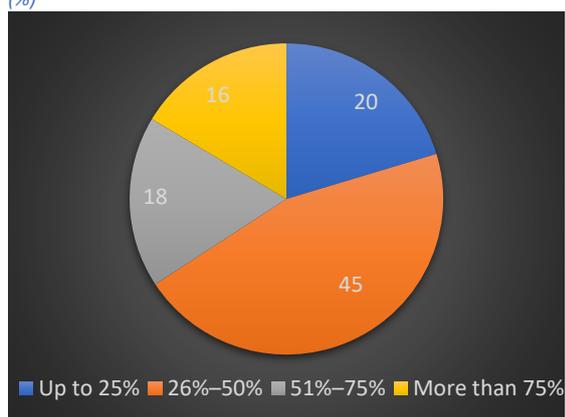
Risks of illiquidity and higher unemployment, and vulnerability of the informal sector

During May, 15,030 business entities submitted applications for wage subsidies in the second package of measures announced by the Government. Out of these applications, 14,460 were approved resulting in the gross value of the subsidy of €16.3 million, relating to 61,402 employees.¹⁹ Hence, the companies expect further support through this measure. The Investment Development Fund (IDF) approved 243 loans (out of 920 requests) worth €44.9 million and defined moratoriums on previously approved loans worth €158 million. Thus, the support from these two sources is at the level of about 1.5% of GDP without the implemented moratorium of the IDF. Assuming similar level of the subsidy for May, additional IDF loans and the support to the sector of agriculture, these sources combined would result in the support of about 2.5% GDP.

Almost two thirds of the companies expect that in the next three months, compared to the same period in 2019, their revenues will decrease up to 50%, but there will be no changes in investments and the number of employees will remain the same.

¹⁹ https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_749201.pdf

Anticipated decrease in revenues to the same period last year (%)



Over a quarter of companies, especially from the North, point out that measures such as fiscal relief or cuts and access to new loans should be part of the Government’s intervention in the coming period.

Additional measures to help with liquidity and securing cash collection are needed, whether this is through a guarantee fund, a more robust factoring scheme, more tax relief, or another model designed with the commercial banks. Over three-fifths of companies propose cooperation with financial institutions that would provide companies with grants, concessional loans and special credit lines to support them in the long-term. While companies from the North are significantly more likely to propose a social policy that would support employment and the resumption of work and production. Businesses located in the southern region are not confident in their future development, as well as in the future development of the macroeconomic environment, given the reliance on tourism. In addition, they are significantly more likely to predict a reduction in revenues of over 75% and a reduction in the number of employees.

The nature of Government measures primarily targets formal firms and workers, and more could be done to address the informal sector. The proportion of the informal economy to total GDP is estimated at 28 to 33%.²⁰ More than 9000 small businesses declare that they employ only one person, including 40% of firms in CCI sector, despite most of these being registered in the accommodation and food service activities. The rate of informal employment is high and ranges from 25% to 37%, but this percentage is currently

declining. Research results have shown that the main reasons for doing business in the informal sector are poor business performance and low turnover of companies, but also a way to easily make additional profits.

The characteristics of the informal economy complicate Montenegro’s ability to mitigate the effects of the pandemic. The presence of informal economy, particularly informal employment, varies and depends on the type of activity and the size of business entities. Therefore, informal business is mostly present in the hospitality, retail, transport and agriculture sectors, and it mostly consists of micro companies with small incomes. The most frequently cited reasons for informality include volatile and low income, high operational costs, unfair competition, monopoly, and poor regulation of certain activities and cumbersome recruitment procedures (e.g. for foreign nationals).

Undeclared workers were most severely hit by the loss of job during the first wave of the pandemic. Government should define measures to incentivise formal employment, especially policies which could stimulate growth, such as reduced payroll tax burden. When it comes to long-term impacts of the pandemic on the employment policy, the expectations vary – while most expect the economic downturn and decrease of turnover will lead to spreading of informal economy, others, on the other hand, believe that, given the new circumstances, the Government will conduct more rigorous controls and penal policy for businesses that operate beyond full formality.

Given the disruption in the main economic activities on which the personal consumption of households depends, the disturbance is likely to significantly affect the growth of unemployment, and subsequent growth in poverty among the particularly vulnerable categories of population.

Challenges facing women employees and entrepreneurs

The unfolding economic and social impact that follows in the path of the COVID-19 pandemic could set back previous gains on gender equality with disproportionate impact on women and girls, particularly from poor households. The pandemic has different effects on women and men because of gender norms and pre-existing inequalities.

²⁰ European Commission: Commission staff working document - Economic Reform Programme of Montenegro (2019-2021) - Commission assessment

Women are at higher risk of falling into poverty especially if they are engaged in the informal economy, small business or service workers, with limited access to credit. The care economy is shifting from paid labour to unpaid care work at households, predominantly falling on women. The closure of schools along with an increased demand on women's care responsibilities put extra barriers to women's ability to engage in paid work. Increased unpaid care and domestic work create burden and reduce opportunities for women to participate in the labour market, potentially for periods even longer than the pandemic itself.

Women are under-represented among the population of entrepreneurs. They tend to operate smaller and less dynamic businesses than men and are more likely to operate in non-capital-intensive sectors including personal services, which often have lower potential for generating a high and sustainable income. Motivation and intentions of women entrepreneurs are different to those of men. Women tend to start their own businesses to better manage their work-life balance and others start businesses to avoid restricted opportunities to further their employment. Entrepreneurial opportunities are constrained due to the persistent challenges women face from discouraging social and cultural attitudes, greater difficulty in accessing financing, smaller and less effective entrepreneurial networks and policy frameworks that discourage women's entrepreneurship.

Businesses and especially female headed ones will be vulnerable to the ongoing economic shock. In Montenegro, 45% of the population is working and women comprise 44% of all employees in country. There are 28% of the population working in the private sector and women comprise 44% of all employees in private sector. During the first wave of the pandemic, two out of five women in Montenegro were faced with financial difficulties such as payment of rent and utility costs, while 38% of women reported challenges in terms of reduced financial capacity to cover basic living costs such as food or hygiene supplies during the pandemic. Nearly 20% of women reported that they asked friends and family for financial support in order to overcome financial difficulties and 36% of women reported reduction or absence of access to health services.

The Gender Rapid assessment revealed that entrepreneurs in the of tourism and education sectors have faced significantly reduced demand. Therefore, they have suffered irreparable losses

that have caused reduced liquidity and the inability to service commitments including renting of business premises. Entrepreneurial activity in the tourism and education sectors are highly dependent on cyclical business earnings. Economic measures need to be adjusted to those dynamics and entrepreneurial needs, especially in the area of education services where it is estimated that more women are engaged.

The need for new sectors and innovation

There are risks that a continued pandemic will lead to further job losses and lost incomes. The strategic vision for the development and competitiveness of the Montenegrin economy is defined in the Smart Specialization Strategy 2019–2024. Foreign direct investment has been and will remain an important generator of economic growth. The key to the sustainability of the recovery will be the ability of Montenegro to innovate. Guidelines for the policy review could be found in the new strategic framework of the EU, the European Green Deal, which is in line with the UN 2030 Agenda and Sustainable Development Goals. In the medium- to long-term, it should be the basis for planning and harmonization of domestic policies, including possibly developing a Montenegrin green economy plan. Changes to the tax policy could be examined, including the introduction of the carbon taxes, to rebalance the tax burden away from labor and towards encouragement of sustainable consumption.

Policy and legislative changes could support greater innovation through digitization. Block-chains could improve the transparency and the quality of the public administration and the field of the digital up skilling of the civil servants. This would improve the business environment and spur companies to adopt new way of doing things.

The necessity to revise the 2020–2022 Economic Reform Programme (ERP) could be an opportunity not only to review the budget and macroeconomic scenarios in the light of the COVID-19 pandemic, but also to revisit structural priority measures in line with the circular economy and digitization. The 2020–2022 ERP defined 18 measures in the area of structural reforms which cover the issues of energy and transport markets, sector-based development, the business environment, the digital economy, employment, education and skills, trade, and social inclusion. This analysis is certainly not the place to elaborate on them individually. The absence of the issue of pension system sustainability, or the health system that

could be strengthened through regional cooperation is quite striking.

Although digital transformation is one of the key factors of future development, businesses have rarely decided to invest in new equipment, software or digital solutions in order to successfully cope with challenges. The use of the Internet and digital tools has not met with great response from companies, except for some administrative operations and in marketing. Despite this, during the lockdown, some businesses introduced innovation in business operations and presented new services. Many restaurants organized meal deliveries, shops bundled online sales and product delivery, while education service providers organized online lectures.

Investing in new equipment, software, or digital solutions due to the COVID-19 crisis (%)



Almost three quarters of businesses in Montenegro do not use external digital platforms, applications or websites to sell product and services or conduct business operations. Many businesses are not ready to explore the possibilities of innovative digital solutions and do not want to change their established business processes with which they are unable to adapt to rapid market changes or overcome crisis situations.

However, the pandemic has prompted an unprecedented acceleration in the digitalization of cultural contents, often without much prior preparation. Almost 65% of cultural institutions and 60% enterprises from cultural and creative industries declared that they have adapted to the new situation by switching to online way of performing business activities.

Challenges to young people in entrepreneurship and social innovation

Young people are especially vulnerable to the crisis. School to work transition is expected to be prolonged and even more difficult, having in mind labour market challenges and disruption of seasonal jobs. Young entrepreneurs face multiple challenges, on top of being already vulnerable in first years of business operations. They are usually running micro businesses, which tend to be left behind when it comes to support measures. Poor liquidity and cash reserves are placing them in the top of the list of most vulnerable businesses.

6.3 Approach

As Montenegro deals with a new round of infections and the economic situation becomes more uncertain, an improved understanding of the scale of the economic impact of COVID-19 will continue to be needed. The challenges identified above highlight the scale of the challenge facing the country.

In the immediate term, protecting jobs and productive businesses should be at the forefront of the response. The analysis demonstrates the severity of the constraints businesses and entrepreneurs are facing and they will need immediate relief from the impacts of the economic shock. Female entrepreneurs and women employed in the informal sector will be particularly vulnerable.

There are opportunities to explore innovative financing mechanisms to address the economic deleveraging that firms will face in the coming months. Unlocking potential credit to support firms with thin capital buffers and productive new firms to grow. However, the key to business maintenance and growth in COVID impacted environment is a need for tailored advisory support to help individual SMEs to identify opportunities to grow their businesses, especially through digitalization of production and sales processes.

In the medium- to long-term there will be opportunities to create new jobs and stimulate growth. Sectors should be carefully considered, due to the need to create jobs and create business opportunities, but there is potential to build back better through greater emphasis on the circular economy, green growth and digitalization.

There are several areas, therefore, that need to be considered to support the immediate response and the recovery.

Integrated, country-specific policy advice and programme support

Develop analysis of the various ways COVID-19 is impacting on key productive sectors and provide an assessment of the preparedness of public and private entities to maintain business continuity. And assess public and private entities ability to take on green initiatives and digital transformation.

Support public-private partnerships where relevant, including public administration, and especially in areas where specialist knowledge is needed.

Protecting jobs

Explore ways to reduce barriers and create incentives to facilitate the transitions of workers and enterprises to formality, in line with international labour standards and particularly ILO Recommendation No. 204

Facilitate timely and adequate tripartite negotiations around the elements of a new social compact to protect jobs and incomes, including working hours, wages, job-sharing and other aspects related to the organization of work.

Technical support to women micro and small entrepreneurs

Explore additional measures to support businesses run by women, youth and vulnerable social groups and ensure employment programs that contribute to the environment protection; ensure innovation investment and soft support to women's entrepreneurship through accessing technical, scientific, innovative and general business networks.

Support on strategies to green fiscal stimulus packages and digital transformation

Support the alignment all sectoral strategies with Smart Specialization Strategy (S3) including Economic reform program 2021-2023 which should be linked to the UN Agenda 2030 and accelerate drafting of the National Energy and Climate Plan until 2035, Digital Transformation Strategy and new spatial plan of Montenegro.

Explore the possibility to support IDF programs dominantly on innovation and consider the introduction of "green" credit lines strengthened by the application of performance-based grant schemes (PBGS) which can be linked to the operation of the Eco Fund and the future Innovation Fund;

Explore the possibility of developing programs such as the purchase of green bonds of SME that provide funds to companies to invest in achieving SDG indicators defined by the prospectus in the proportion of 70% financial institution and 30% Government, under more favourable conditions.

Explore ways to support the program of economic passports, with investments in green transition and digital transformation and consider introduction of the Estonian e-residence model²¹ and analyse comparative examples of small countries that have renewed or preserved industrial capacities relying on the use of robots and other digital technologies.

Conduct SDG mapping of the key value chains and programs created to support the achievement of defined SDG business indicators and address segments of the value chain that can be digitized or substantially improved considering their impact on environment.

Support to young people in entrepreneurship and social innovation

Ensure development of quality digital curricula with a special focus on the 21st century skills (critical thinking, problem solving, digital literacy, teamwork, empathy, etc.) that will support them with finding work or establishing a business.

²¹ <https://e-resident.gov.ee/>

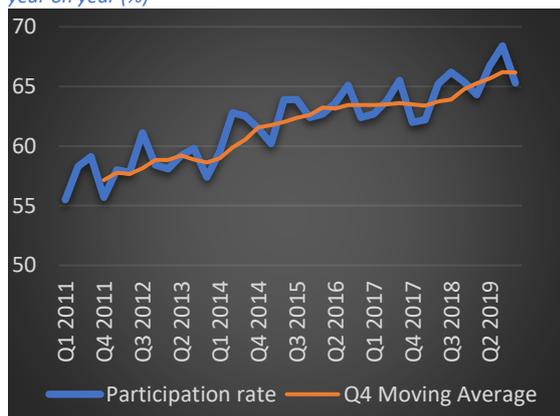
7 Macroeconomic recovery and collaboration

7.1 Context

Macroeconomic position prior to the crisis

By the end of 2019 the Montenegrin economy had achieved modest growth and macroeconomic stability, but with remaining imbalances to address. Real GDP growth was estimated at 3.6%. Inflation (CPI) dropped to 0.4%. Economic growth had begun to cool off on the back of lower domestic demand, although consumption remained the main contributor to Montenegro's growth with support from continued growth in tourism receipts. Employment continued to rise, hitting 65.3% by end 2019, and unemployment continued to fall, hitting 15.9% by end 2019.²²

Montenegro's participation rate has been steadily increasing year on year (%)



23

Montenegro's fiscal position improved in 2019 with the fiscal deficit down to 3% of GDP. This reflects the EU requirement to keep fiscal deficits to below 3% of GDP. Montenegro had begun a fiscal adjustment in 2017 to bring debt down to more manageable levels following the first phase of the construction of the Bar-Boljare Highway. Debt had hit approximately 81% of GDP by the end of 2019 as a result of the Highway construction. Under the proposed adjustment, Montenegro was on track to bring the deficit and debt down to the required levels for meeting EU accession requirements by 2025.

Despite the robust performance, the current account deficit remained the highest in the

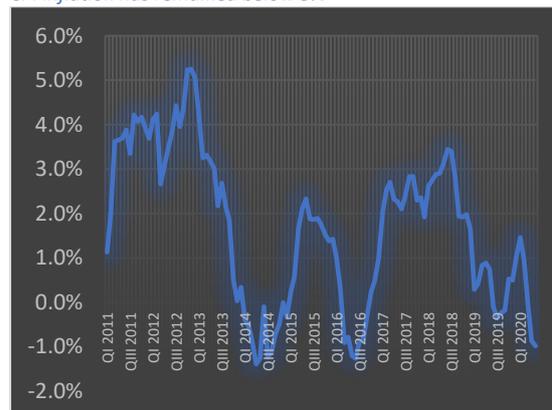
22 Monstat: Labour Force Survey

23 Ibid

Western Balkans at 15.2% in 2019. Tourism growth continued in 2019, but imports grew slower than expected on the back of less domestic demand (particularly related to the Highway). The primary account shrank as remittance inflows held at around 4 percent of GDP. Net FDI covered almost half of the current account deficit. The remainder was financed by external debt financing.

Montenegro's lack of monetary policy sovereignty did not prevent relative success in keeping inflation low. Since adopting the euro in 2002 the Central Bank of Montenegro has had to take the policy rate of the ECB. In recent years inflation has remained below 3%. This relative success however has not been sufficient to prevent the real effective exchange rate from appreciating – the difference in inflation in the eurozone vs Montenegro being the rate of appreciation. This has reduced Montenegro's external competitiveness.

CPI inflation has remained below 3%



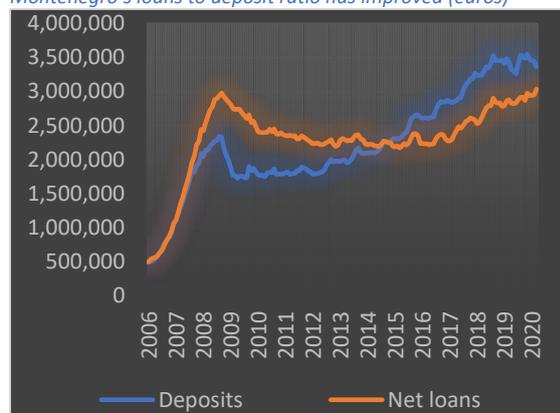
24

In 2019, the financial sector continued to show robust health with an improving capital adequacy ratio. Bank lending, mainly to households, grew by 4.5 percent. After two banks were liquidated early in the year, deposits recovered slightly, growing in 2019 by 0.5 percent. In December, nonperforming loans fell to 5.1 percent of total loans, and the capital adequacy ratio was a healthy 17.7 percent. The uneven distribution of profits discloses vulnerabilities of some smaller banks. Although declining asset quality will reduce profitability and lending capacity, the financial sector can play an

24 Monstat: CPI

important role to mitigating the economic impact of the crisis.

Montenegro's loans to deposit ratio has improved (euros)



25

Macroeconomic outlook

The COVID-19 pandemic will pose a severe challenge to the Government's ability to maintain macroeconomic stability. The nature of the situation means that it is difficult to place any certainty on the economic outlook. However, the pandemic will exacerbate and expose the external and internal imbalances, limiting growth and creating new vulnerable groups. There are several trends that could pre-empt how much Montenegro's economy will be impacted.

The tourism sector, the most important one for growth, provides an indication of the challenges that lie ahead. The tourism sector accounts for approximately 25% of GDP (directly and indirectly) – with its importance for generating foreign exchange income, needed to fund the current account deficit, and its importance for overall economic activity, linked to tax revenues. The World Bank estimate that a 34% or 50% drop in tourism receipts will correspond to a 5.6% or 9% contraction in the economy. Monitoring tourist related activity between June and September will give an indication of the outlook for the economy.

25 Central Bank of Montenegro

26 Monstat: tourism

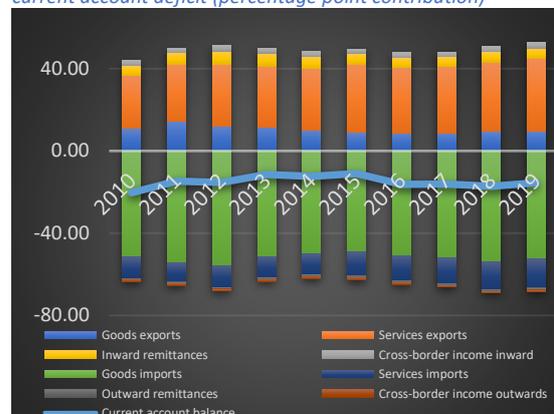
The summer season is sees the largest number of overnight stays (% of total overnight stays 2018)



26

As a result of the pandemic the external imbalance will likely worsen, with the current account deficit widening. The World Bank estimate that it will widen to 17% of GDP, but this depends on how severe the contraction is and the level of tourism receipts. There will likely be a worsening position for remittances and FDI. The worsening outlook for these international flows is due to the lockdowns in the main markets in Europe and continued uncertainty.

Tourism, FDI, external debt financing and remittances fund the current account deficit (percentage point contribution)



27

As economic activity slows the fiscal position will likewise worsen. Overall economic activity plays a large role in determining revenues, since 60% of tax revenues come from VAT. The Government revised its budget at the end of May. The fiscal deficit is estimated to be 7.3% in 2020, up 4.3 percentage points. Whilst expenditures will remain constant, revenues are projected to fall 17% against original forecasts, due to lower levels of

27 Central Bank of Montenegro: Balance of Payments

economic activity. Subsequently, debt will rise to 82.5% of GDP.

Montenegro's debt position has worsened in recent years



28

The pandemic has already resulted in a period of deflation during the months under lockdown. Year on year inflation fell to -1.0% in May 2020. Given falling demand and the spillover effect from lower international commodity prices, deflationary pressures will continue whilst the pandemic is ongoing.

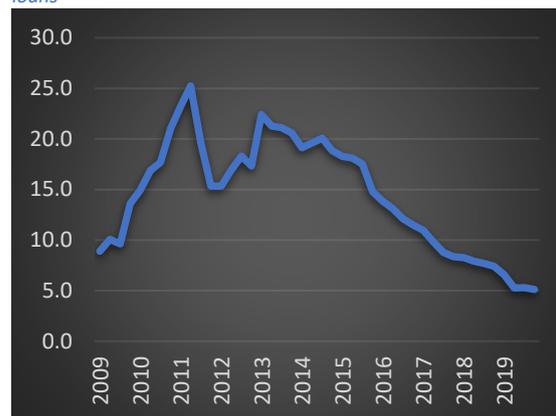
Whilst the financial sector has been robust in recent years, the pandemic will test its resilience. The amount of non-performing loans had come down to 5.1% of total loans in 2019. However, as firms face problems with economic deleveraging, where repayments are due, but they have limited cash buffers, there is a risk that some will become insolvent. Any rise in non-performing loans and defaults will jeopardise some of the resilience built up by the financial sector and limit its ability to provide new loans at a critical time of recovery.

28 Ministry of Finance

29 Central Bank of Montenegro

30 The tax wedge measures the extent to which tax on labour income discourages employment, being the difference between before-tax and after-tax wages.

Non-performing loans had been steadily falling as a % of total loans



29

A large informal sector increases the risks of new vulnerable groups and exacerbates resilience. The informal sector is harder to support with measures. Montenegro's informal sector is estimated to employ around 25% of the labour force. Part of the issue is a large labour tax wedge³⁰, which at 40% is one of the highest in the region. This disincentivises firms from employing labour formally due to the costs associated.

A severe economic contraction followed by a slow recovery may delay Montenegro's plans to achieve EU accession by 2025. The economy is not estimated to recover to pre-2019 levels until 2022 at the earliest by IFIs. The debt to GDP was only expected to come down to 60% of GDP by 2024, which means that accession criteria may not be met by 2025.

Regional collaboration

Since the dissolution of Yugoslavia, the situation in the Western Balkans has been burdened with mistrust and poorly functioning institutions³¹. Even with the aspiration of all Western Balkan countries to join the EU and the numerous general and thematic regional cooperation processes in different formats and levels, underlying problems and the lack of open cooperation seem to persist. As in other areas, COVID-19 exaggerated these weaknesses leading to desynchronised approaches to the crisis and many lost opportunities to jointly and collaboratively cope with its consequences.

31 Source: Balkans in Europe Policy Advisory Group (BiEPAG), 2017, The Crisis of Democracy in the Western Balkans. An Anatomy of Stabilitocracy and the Limits of EU Democracy Promotion, link: <http://www.biepag.eu/wp-content/uploads/2017/05/final.pdf>

The expected outcome of enhancing the EU narrative during a period of enlargement fatigue, despite complex dynamics on both ends, was to renew the EU's focus on the Western Balkans. It would give additional impetus to regional cooperation and national reforms. Amidst the crisis, some examples of regional cooperation are noticed in forums such as the Regional Youth Cooperation Council and the Regional Cooperation Council, which are working towards enhanced digitalization and connectivity in the region, while the Brdo-Brijuni and Berlin Process have been postponed. Despite halted migration flows, cooperation on this matter continues in the region. Pressing environmental challenges reaffirm the need to deepen further regional collaboration in environmental protection.

As with many countries across the globe, the first batch of measures across the Western Balkans appeared to be protectionist with some countries even deciding to completely close their borders and halt exports of essential food and non-food (mainly medical) items. Shutting down the trade in medical equipment also occurred within the EU. All protectionist measures were later revisited, within the Western Balkans and the EU, through establishing so-called Green Corridors for unstipulated transport and trade around the clock. Montenegro has kept its borders open for free flow of goods and services and promoted the return of its citizens while supporting the repatriation of all citizens who expressed their will to return to their countries of origin.

Despite the complex political situation formed out of break-up of Yugoslavia and conflicts that ensued, trade and economic cooperation seems to be one of the positive driving forces in the region. Under the Central European Free Trade Agreement (CEFTA)³², countries continue to cooperate and trade. In 2019, the extra-CEFTA trade, saw a narrowed deficit of only 2.9/€2.7 billion, with an increased export that reached \$41.9/€38.6 billion and slightly reduced import amounting to \$44.8/€41.3 billion. In the same period the intra-CEFTA trade decreased to (still significant) \$3.3/€3.1 billion from \$6.1/€5.6 billion in 2018.

Well-connected economies, however, lost the opportunity for close cooperation in procurement

32 Current CEFTA membership includes Albania, Bosnia and Herzegovina, Kosovo [in line with the UN Security Council Resolution 1244], Macedonia, Moldova, Montenegro and Serbia

and coordinated production of medical and PPE with a better cost-benefit ratio. Some initiatives for common goods procurement have been realised with the assistance of donors. Disturbed global supply chains exacerbated importing dependency of the region pushing smaller economies, such as Montenegro and Macedonia, to more vulnerable positions with declining economic activity.

The Western Balkans is an important trade market for Montenegro. However, in recent years, with accession to the EU on the horizon, the EU is becoming an increasingly important trading partner. Approximately 43% of Montenegro's exports went to the EU in 2018. Despite this, Serbia is still the most important bilateral trade partner for Montenegro composing around 19.8% of exports and 25.2% of imports in 2018.³³ Montenegro's main goods export is metal products constituting approximately 45% of total exports in 2018.³⁴

Outside of goods exports, service exports mainly made up of tourism receipts are the most important contributors to funding the current account deficit. The most important bilateral tourism markets are Serbia, Russia and Bosnia, respectively, comprising around 35.9% of total foreign tourist arrivals. However, a further 32.1% of tourists come from the EU with Germany and France the most numerous at 6% each.

To mitigate the impact of the crisis, all countries of the Western Balkans have announced sizable fiscal packages ranging from 1% to 7% of GDP, excluding guarantees, to support their citizens and businesses. While fiscal policy being crucial to help the private sector cope with consequences of the Great Lockdown, all countries in the region have narrow fiscal space for providing substantive support to people and businesses. High public debts and fiscal deficits across the region, supplemented with unfavourable credit ratings, prevent the countries in the region to seek for funding at the reasonable interest rates. Still, many international organisations and institutions mobilised funding to support the Western Balkans – primarily the European Union with the cumulative €6 billion support, IMF and the World Bank, but also the United Nations, OSCE and bilateral donors (Norway, United States, China, and others).

33 Observatory of Economic Complexity, MIT

34 Ibid

7.2 Needs

The Government has enacted two packages of measures to support the economy (see section 2.2 for more details). A third package of measures is due to outline the Government's next phase of support to the economy. However, any package of measures will need to consider the fiscal sustainability with limited fiscal space thanks to higher debt to GDP levels. Further support will be needed to not only support firms to remain solvent, but also to stimulate the economy, especially the green economy, with uncertainty over the tourism season and where the drivers of growth will come from. Government will come under pressure to cut expenditure in certain sectors, so maintaining adequate funds to social protection, health and education should be a priority.

In the short-term needs will be defined by how severe the impact is on the tourist season. The continued macroeconomic response will need to consider the constraints that Montenegro is facing as a result. A 17% drop in revenues is estimated to leave the Government around €290 million in terms of a financing gap. With investors looking to safer markets, such as the US, it will make credit constraints even tighter, pushing up the cost of borrowing.

There are various loans that have been agreed or will be agreed soon. It reflects strong multilateral collaboration in Montenegro, especially from the IFIs. These should provide Montenegro with additional fiscal space to support the economy. The Government already secured an €80 million policy-based guarantee from the World Bank to underwrite a larger €250 million of debt from commercial banks. The Government of Montenegro agreed a €74 million loan in June through the IMF's Rapid Financing Instrument (RFI). The RFI provides rapid financial assistance during times of crisis and comes with minimal conditionality. The World Bank is due to provide an additional €25 million, which will go to the Board in July. These funds will fulfil some of the required financing.

Economic deleveraging will be a major challenge to the private sector. The financial sector does have available liquidity. However, the financial sector will endure increased pressure, since firms are severely credit constrained after a period of inactivity. There will need to be continued focus

on supporting firms to deal with liquidity and solvency issues. Evaluating risk will be a challenge for any new lending. Since funds will likely be constrained a focus on protecting productive elements of the economy might be necessary.

In the medium-term needs will be defined by supporting a sustained economic recovery, whilst reducing underlying vulnerabilities. How to support the informal sector, which constitutes approximately 25% of labour, will be essential to these efforts. The informal sector is particularly vulnerable to such shocks with little in the way of working capital or access to safety nets. If not properly supported this could accelerate the creation of groups of new poor. There is a risk that since the informal sector is difficult to target, it may not be possible to effectively support it.

In the medium-term the greater challenge will be improving the resilience of the economy and identifying new sources of growth and employment. The economic situation will likely worsen elements of vulnerability, exacerbating issues such as inequality, poverty and employment which will require increased focus and financing to address. This will worsen the circumstances for the groups that the UN is looking to address. Evidence from the Global Financial Crisis suggests that once GDP has returned to its pre-COVID level both net employment might be lower and inequality wider, which will require appropriate policy solutions.

Policies and actions are needed that shift to a more resource-efficient, greener and more competitive economy that would be fully harmonized with the key priorities of the European Union and that promote human development. In the medium- to long-term economic growth should be decoupled from resource-intensive processes under the principle of circular economy, as defined in the National Sustainable development strategy and elaborated in the S3 strategy.

The response will require a credible medium-term macroeconomic framework (MTEF). Fiscal sustainability and keeping debt at manageable levels will ensure macroeconomic stability. Any fiscal stimulus now will need to be met with a fiscal adjustment in the medium-term. The IMF has previously highlighted the need for a comprehensive medium-term budget framework, with more binding medium-term expenditure limits and the need to reconcile and justify deviations from these limits

Addressing internal imbalances on Montenegro's fiscal expenditures should be a priority. Montenegro's fiscal space has been diminished by the Bar-Boljare Highway and the Government needs to enact a fiscal adjustment. Further savings could be made from reviewing recurrent expenditures and the public sector wage bill. The IMF has previously recommended that Montenegro review it since public sector wage growth has outstripped the private sector and that substantial savings could be made in the medium- to long-term.

How Montenegro overcomes its structural current account deficit issues will need to be addressed in the medium-term. This will reduce the impact of the external imbalances in times of an economic shock like COVID-19. The open nature of the economy coupled with a dominant tourism sector weaken Montenegro's resilience to such economic shocks. Whilst the immediate response should be directed to keeping productive sectors of the economy afloat, greater consideration and effort is needed to diversify the economy and develop new engines of prosperity.

Net employment will likely be lower after the economy recovers to pre-pandemic levels than at the end of 2019. Addressing the structural reasons for youth unemployment and creating opportunities for young people should be a priority to prevent young people from becoming part of the new poor. This should focus on the structural adjustment of the economy and how young people can benefit from the sectors that will grow in the medium- to long-run.

7.3 Approach

Macroeconomic recovery

Montenegro's macroeconomic recovery will be influenced by its ability to leverage fiscal expenditures and policies which will support the economy recover and building back better. Euroization means that Montenegro does not have sovereignty of monetary policy. However, any policies and interventions should be carefully staged to ensure that they maintain some fiscal space for any further support required to cushion the impact on the most vulnerable, whilst addressing some of the underlying weaknesses identified in the medium- to long-run.

Guiding the expenditures and policies should be a priority and will need to be done with

collaboration and coordination with the IFIs, to support their efforts in Montenegro.

In the short-term the priority should be to support productive sectors of the economy, maintain fiscal sustainability and ensure essential services are provided adequate funding. This will ensure that the impact on the most vulnerable is minimised whilst maintaining a critical mass of the economy to generate growth and prosperity following the pandemic. On macroeconomic recovery, the UN's comparative advantage will be to provide technical guidance and focus on public finances.

In the medium- to long-term Montenegro will need to address underlying reasons for its lack of resilience to such shocks. This will need to come from addressing both internal and external imbalances and boosting productivity growth. Both would make an economic recovery with high growth sustainable over the medium-term.

With these severe constraints there are several areas where the UN will focus its priorities to support the response.

Analysis and Advocacy

Building a better understanding of impact of the crisis on the macroeconomy should be central to identifying vulnerable groups and where support will be needed. With the pandemic still ongoing and the uncertainty over the prospects for the economy, a focus of continued evidence and analysis building will be required.

Any fiscal stimulus or support packages that are implemented should ensure it focuses on supporting productive sectors of the economy, vulnerable groups and maintaining jobs. The UN will continue to develop analysis and support Government with these aims advocating through appropriate channels for expenditures and policies that effectively address the challenges.

The UN will continue to advocate that the Government maintain the current funding of critical services (social protection, health, education), which will ensure the vulnerable are supported from the negative impacts. The pandemic will likely increase poverty levels and create new vulnerable groups who will need support. Ensuring that these groups are provided for will be essential to support a recovery.

The UN will advocate for improved structural adjustment policies. To improve the resilience of

the economy to such shocks the Government should enact a structural reform programme aimed at building domestic production. Addressing Montenegro's dependence on tourism for export income and net food importation position should be the priority.

Advocate for measures to ensure capital markets prevent economic deleveraging of SMEs and maintain functioning productive sectors. This will require a package of measures designed at better understanding risk and supporting the commercial banking sector to withstand an increase in non-performing loans.

Careful and evidence-based consideration should be given reforms to tax administration and public expenditure, which could support the economy in the recovery. This should focus on ensuring that economic institutions, and in particular fiscal institutions, are strengthened. Once the fiscal space is more accommodating the Government could enact some tax reforms that would create space for formalising the informal sector. For example, the informal sector could be supported with tripartite negotiations on reforms to the labour tax wedge – a deterrent to formalising jobs. Removing such impediments will allow firms more space to employ more workers.

Regional collaboration

Analysis and Advocacy

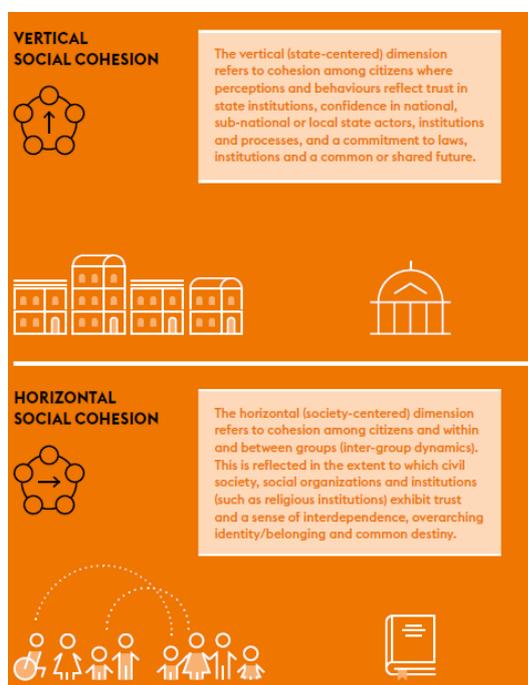
Enhancing regional cooperation is a long-term endeavour supported by major international partners in the Western Balkans region. Under the political leadership and the financial support of the European Union, many initiatives have been implemented with this purpose. One of the recent ones – the Berlin Process already established a long-term commitment through the Regional Youth Cooperation Office. The UN will continue to support and advocate for this process.

The Berlin Process has also encouraged greater economic cooperation through the Western Balkans Investment Framework (WBIF). Both these initiatives are effectuating and achieving their outcomes through targeted investments in connectivity and digital agenda and peer-to-peer exchange, learning and cooperation across divides. The UN will continue to promote greater economic cooperation in the region using its brokering position and regional presence and advocate for the WBIF.

8 Social cohesion and community resilience

8.1 Context

Social cohesion is characterised by horizontal and vertical relations and dynamics, with complex interdependencies both across and between those two dimensions. The vertical dimension represents trust between government and society. This includes trust in political, economic or social leaders, institutions, and processes such as elections, access to justice, taxation, budgeting, and the delivery of public services. The horizontal dimension describes the trust, relationships and interactions among people in a society across divisions such as identity or other social constructs. The horizontal dimension, which is society-centered, involves cohesion among citizens, reflected in the extent to which civil society, social organizations and institutions exhibit trust and a sense of interdependence and common destiny. Having in mind that social cohesion is a complex and overarching concept, many of its aspects have been addressed in previous chapters, such as those related to equity, access to rights and services, governance. Hence, remaining issues are covered in this section.



Strengthening Social Cohesion - Conceptual framing and programming implications, UNDP, 2020

Social cohesion

The COVID-19 is posing unprecedented test to societies, that is affecting communities, deepening social and economic inequalities and disparities, negatively impacting the wellbeing of its members and deepening vulnerabilities and exclusion. However, it has led to an increase in digital connectivity and solidarity among the members of the community, which again proves the importance of members' interdependence at the community level. Hence the responsibility of the national and local authorities is increasingly complex: to prevent virus spread – by reducing interactions and mobility in the community, which relies on trusting government and abiding by the rules, whilst at the same time maintaining community cohesion, solidarity and unity. Just when social capital is called on, the pandemic puts strains on social cohesion, potentially magnifying fault lines and creating new ones. Covid-19 has also shown how, the resilience of societies to external shocks depends on how connected they are, how much they trust one another, their solidarity and the belief they have in the institutions. These are all key elements of social cohesion and come as further evidence of the value and of the benefit of investments in this area.

By its constitution, Montenegro is a multicultural state, with people of many nationalities and religions living together. Minorities are mostly represented in government and parliament, except for Roma, who have no official representation in parliament. Montenegrin society is still deeply patriarchal, despite aspiring to modern values. Patriarchal values have some positive effects on social cohesion such as strong family and neighbourhood bonds. However, other patriarchal norms such as those related to gender roles and stereotypes, as well as acceptance of LGBTIQ people, might be an obstacle to the acceptance of and respect for diversity. Young people express conservative attitudes when it comes to gender equality, perceptions of LGBTQ and ethnic groups³⁵. Social distance amongst ethnic groups has been decreasing from 2007, being mostly present towards Roma, followed by Albanians and Croats³⁶. During the pandemic,

35 Westminster foundation research, 2019

<https://www.wfd.org/2019/11/04/whats-making-politics-so-unattractive-to-young-people-in-montenegro/>

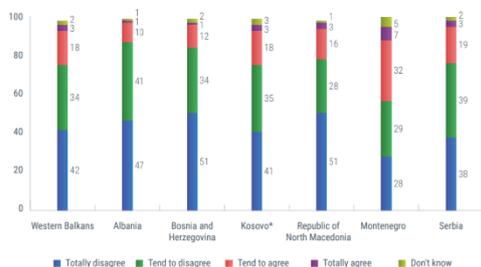
36 Interethnic relations and ethnic distance in Montenegro, CEDEM, 2019,

<https://www.cedem.me/publikacije/istrazivanja/politicko-javno-mnjenje/send/29-politicko-javno-mnjenje/1961-etnicka-distanca-u-crnoj-gori>

political divides were prominent. Furthermore, during the pandemic, the recently adopted Law on religious freedoms created religious, political and identity-related issues, both in the country and the region. Political disruptions at local level have caused disruption in Budva municipality and clashes between people and police. Divisive rhetoric is expected to increase, as the parliamentary elections are approaching at the end of August. Reflecting improved rights for the LGBTI community, Parliament has adopted the Law on civil partnership of same-sex couples, which is a step towards inclusion of and change of negative attitudes towards the group.

Regular public opinion polls report that Montenegrins place the highest trust in educational and health systems, judiciary and police, along with high trust in Orthodox church.³⁷ Young people report that they do not place much trust in politicians³⁸. Citizens trust in equal treatment of all people is not high. More than half of them believe that the law is not applied to everyone equally.³⁹ Although, compared to other countries in the Western Balkans, Montenegro has the highest percentage who believe in equal treatment.

Figure 103: Do you agree with the following statement (SEE region): The law is applied to everyone equally⁴⁰
(All respondents – N=6020, scale from 1 to 4, share of total, %)



RCC Balkan Barometer 2020

Participatory platforms with women, young people and civil society through the UN Dialogue for the Future programme highlighted the need for stronger communication and dialogue between citizens and decision makers, in order to bridge a gap of mistrust and interaction on substantive matters. The dialogue highlighted outstanding work on gaining equal access to services and rights, leaving no one behind.

37 Public opinion poll, December 2019, CEDEM

https://www.cedem.me/images/Politicko_javno_mnjenje_decembar_2019pdf.pdf

38 Westminster foundation research, 2019

<https://www.wfd.org/2019/11/04/whats-making-politics-so-unattractive-to-young-people-in-montenegro/>

Montenegro's management of Covid-19 crisis emphasised scientific and epidemiological arguments for their measures. This resulted in high levels of trust and compliance with imposed rules, in the first wave of pandemics. Regular public opinion polls run by UNICEF has shown that vast majority of citizens (more than 90%) supported government measures while 86% reported abiding them. Majority has also reported to be well informed about all relevant measures.

As elaborated in Section 5: Protecting People, vulnerable groups are especially affected by Covid-19. People living in poverty, elderly, people with disability, Roma, women victims of violence, children with disability – have particularly experienced isolation, financial and material deprivation, and fear. Their experiences contribute to the lack of trust in institutions, the sentiment of being left behind, and puts pressure on the overall social fabric. Moreover, inequalities of women, youth, elderly, etc, leads to weakening social cohesion and bonds among people, as well as potential for intergenerational solidarity and citizen engagement of these groups.

The legal framework enables citizen engagement at a local and national level, although it is mostly practiced through NGO participation in working groups, public discussions, etc. Individual and non-formal engagement of citizens between and through official channels exists but is not much developed. Regional Cooperation Council (RCC) Balkan Barometer 2020 reported few people have ever tried to influence government decisions, while more than half reported that they do not even discuss them. Apathy is the most common impediment to engagement in decision-making, alongside a desire not to be publicly outed as advocating an overtly political position⁴⁰. Montenegrin CSO sector is active and includes variety of both small and think-tank, professional NGOs. Volunteering is developed to a certain extent, mostly through informal community initiatives. Dialogue between government and NGOs is encouraged within the EU accession process. The government has recently launched a dialogue initiative with various actors, including NGOs, to overcome division and find a common interest for citizens and the European perspective.

39 Balkan Barometer 2020, RCC, <https://www.rcc.int/pubs/95/balkan-barometer-2020-public-opinion-survey>

40 Balkan Barometer 2020, RCC, <https://www.rcc.int/pubs/95/balkan-barometer-2020-public-opinion-survey>

The NGO sector has been hit hard by the crisis. Organisations faced difficulties in retaining staffing, premises and ongoing services. As provider of many services, 86% of NGOs were affected by the COVID 19 pandemic, while around 9% organizations had to terminate the employment of some of their staff and 7% organizations had to reduce the salaries of their employees.

Local communities' resilience

In the context of ongoing public administration reform, local self-governments' (LSG) responsibilities are becoming increasingly important. LSGs in Montenegro are mandated for service delivery in the areas of housing, communal and utility affairs, urban planning, local development, and others. Policies and services in the areas of health, education, public security and social protection fall under the jurisdiction of the national institutions. While some progress has been made, the effective and accountable delivery of quality public services at the local level still faces considerable challenges. These include insufficient fiscal consolidation due to gaps in data quality and interoperability with national registers, resulting in limited services delivery. There is limited capacity to design and implement integrated local development policies and insufficient capacity to manage and enforce entrusted functions. There are clear regional disparities between municipalities across the country. Based on the development index of municipalities, most of municipalities from the north region are at the bottom of the development list⁴¹. In 2018, 40% of the population of northern region was at risk of poverty, while the population of central region had the lowest risk of poverty and the risk of poverty was present for every third resident of rural areas (35.6%), compared with 17.3% in urban areas.



Picture 1

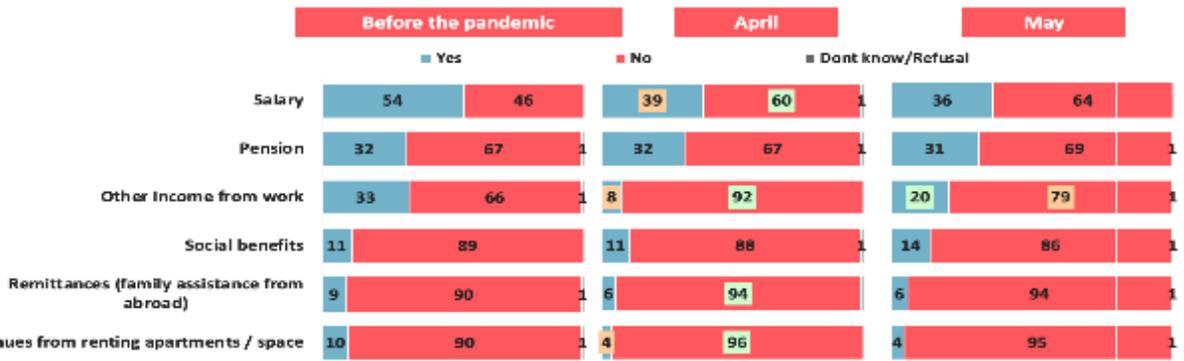
Map of municipalities in Montenegro



Picture 2 Map of regions in Montenegro

Local self-governments have been bearing the brunt of the crisis in many aspects. Following the outbreak of epidemic, on 17th of March a National Coordination Body (NCB) had imposed restrictions to slowdown and prevent the further spread of coronavirus. The measures imposed impacted every aspect of life and the economy. Among others, the citizens' movement in the community was restricted, intercity travel was banned, the shops with non-essential food/health items were closed including the hospitality and tourism services. The Rapid Social Impact Assessment found stark reductions in household income. In 20% of households, at least one member has either lost their job or stopped receiving a salary. The number of families continuing to gain income from informality fell from 33% to 8% and remittances were cut in half.

41 Development Index of municipalities in Montenegro, for the period 2013 – 2015, Ministry of Economy, http://www.podaci.net/dodaci/CGO/P-ulsrj104v1682_Prilog.pdf



Sources of income, before the coronavirus pandemic, and during the pandemic

People in lower-paid jobs reported being more vulnerable to termination than higher paid employees, thus contributing further to the uneven burden of the crisis on poorer households and on the population at higher risk of poverty. The Roma community (circa 8.000-11.000 people) was severely affected by income loss, mainly due to severe limitations work in the informal sector. According to official MONSTAT data from 2018, at that time some 23.6% or nearly 150,000 citizens were at-risk of poverty. The severe drop in household income due to Covid-19 will especially impact these citizens.

The revenue implications for local government are expected to be significant. This is seen in reductions in the gross wage fund, which is the basis for calculating personal income tax – an important source of revenue for the municipal budgets. Initial Ministry of Finance estimates were reductions in annual income by as much as 25% and decrease in the Equalization Fund estimated at 22.8%. In addition, reduced economic activities will result in reductions in revenues from real estate tax, which is the important source of revenue for municipalities, as well as concession fees and real estate transfer tax. Taking these factors into account, as well as the reduction of income based on tax receipts from economic entities based on utility taxes and fees, and deferred payment of taxes and lease of business premises for a certain period, initial estimates are that municipal revenues in 2020 could be 15-30% lower than planned.

Declining economic activity and reductions in municipal revenues is likely to hit poorest municipalities most. Given the structure of municipal revenues, as well as the fact that income from personal income tax and from the Equalization Fund in some municipalities in the Northern region contributes over 60% of total revenues, and that the consequences caused by

the economic crisis are most directly related to revenues on this basis, it is to be expected that the municipalities that are most dependent on these two sources of revenue will be the most affected. Having in mind the pre-existing regional disparities, where north of the country is least developed, this situation exacerbates the already difficult situation.

8.2 Needs

Social cohesion

Throughout the country, in every community, neighbourhood or street demonstrated acts of solidarity and connectedness. Young people have been engaged extensively through students of medicine volunteering at help lines, young psychologists offering psychosocial support, young Red Cross volunteers delivering food and hygienic packages across the country. Peer-to-peer support and youth activities organised by local NGOs covered young people across the country, including those who needed support with studying and young people with disability. Social media were used for forming groups to support local producers and buying domestic products. Through a government led crowdfunding campaign, more than 8 million euro was raised for the Covid-19 response. All of this has demonstrated the amount of empathy and cohesion that exists within and across communities.

Government management and communication about Covid-19 crisis was well crafted. It emphasised scientific and epidemiological arguments for the measures proposed. This resulted in high levels of trust and compliance with the rules imposed during the first wave of the pandemic. However, during the current, much more severe wave, citizens do not seem to be as abiding to public health measures as before. What

exactly has influenced this change in behaviour is yet to be analysed.

Fake news and stigmatisation were present to a certain extent in social media arena. At the height of the first wave of Covid-19 infections, the Government published names and addresses of more than 1,000 people who were in self-isolation. The decision was criticised by some NGOs and was being reviewed by the Constitutional Court. In a letter sent to the Government in May, three UN Special Rapporteurs expressed concern that the decision to publish names of individuals online appeared to be in violation of the right to health and privacy.

The negative social and economic impact on the most vulnerable was mitigated by the continuity and expansion of social protection measures that targeted the poorest with minimal or no income. Additional cash benefits were provided for social protection beneficiaries, pensioners and other people in need. Emergency support in food and hygiene packages for the most vulnerable was deployed. Support packages for businesses were regularly designed and deployed. However, there was little space for citizen involvement in the design of government measures, except for the business community.

Citizen engagement in the decision-making regarding the recovery and response planning should be a priority in the forthcoming period. More strategic and concerted efforts should be invested to design comprehensive measures to support all people in need, leaving no one behind, guided by a principle and mechanisms for involving citizens in the process.

Building a consensus on the overall vision for the future of Montenegrin society, including in COVID-19 planning, is important. What do Montenegrins themselves find more important: contribution from the citizens – women, men, young people and elderly on how they see their future society is an important pre-condition for the quality of policies being developed, makes them more practical and relevant, and helps to ensure that services are delivered in a more effective and efficient way. It renews the relationship between policy makers and citizens and increases the levels of trust in public institutions.

Local communities' resilience

National government measures to support businesses reflected on local government budgets,

while on the other hand municipalities themselves provided subsidies and direct support.

An assessment by the Union of Municipalities is that a package of municipal support for the recovery of the local economy and assistance to citizens through the postponement and exemption from paying taxes and providing subsidies at the level of all municipalities is close to €20 million.

In addition to a strong influence of cultural patterns to the spread of the Covid-19 in Montenegro, there is growing evidence that poor and densely populated urban areas, informal housing and areas that accommodate marginalized communities are those worst affected by the covid-19 virus. Local, municipal governments with responsibility for housing, planning, and sanitation services as well as community outreach capacities are best placed to design and implement tailored community-led solutions, and responses that include women and youth in these areas. Local development that is Covid-19 sensitive can cover community-based service delivery, participatory planning and local oversight of services as well improving the resilience of cities and communities to withstand shocks and integrate design and development features that limit the impact living with virus transmission and risks of pandemics.

8.3 Approach

Social cohesion

Immediate response

Existing mechanisms and programmes will be used to facilitate public discussion on social cohesion and related capacity building of various groups (youth, parents, women, teachers, media, CSOs), focusing on vertical and horizontal trust and dialogue, acceptance of diversity, (intergenerational) solidarity, participation and contribution to common good, connectedness among people.

UN system will continue to deploy rapid assessment tool and methodologies and community level mapping, capturing otherwise invisible acute vulnerabilities, as well as continuity and equity of assistance, engaging all stakeholders, especially people, communities and vulnerable groups in collecting evidence on their needs as well as designing solutions for building back better.

Supporting citizen engagement in the decision making regarding the design of the recovery plans and measures is extremely important and will be realised through various processes and programmes, such as new UNDAF formulation, existing programmes focusing on social cohesion, youth, civil society.

Provision of continuous support to the government in crisis communication and maintaining trust in the Covid-19 related response is paramount.

Moreover, government will be offered guidance on the privacy, data protection and broader human rights dimensions of using digital technologies to combat Covid-19.

Continuation of work on media literacy programmes, counterfeiting fake news, stigmatisation and misinformation is another crucial contribution.

Additionally, adaptation and scaling-up of existing youth engagement and skills building programmes to new reality and Covid-19 related issues is a continuous activity.

Supporting cultural exchange and entrepreneurship, solidarity and volunteerism is another stream of action.

Medium and long-term

In a longer-term perspective, supporting people and government in envisioning and building a consensus on the overall vision for the future of Montenegro's society is important. Contribution from the citizens on how they see their future society is an important pre-condition for the connectedness both horizontally and vertically, quality of policies being developed, makes them more practical and relevant, and helps to ensure that services are delivered in a more effective and efficient way. It renews the relationship between policy makers and citizens and increases the levels of trust in public institution.

Also, collecting more comprehensive evidence on social cohesion, through robust research would be beneficial in terms of evidence-based interventions on policy level but also at the level of behavioural change.

Supporting public narrative on social cohesion and related capacity building of various groups (young people, media, parents, teachers, public servants,

etc), focusing on vertical and horizontal trust, acceptance of diversity, solidarity, common good and connectedness among people.

Supporting various mechanisms for enhancing dialogue and communication between citizens and among citizens and decision-makers.

Local communities' resilience

Immediate response

Community resilience is a paramount parameter of social cohesion, building back and enabling human development. Local communities will be supported in continuity of services and their adaptation to Covid-19 reality, including mapping and reaching out to most vulnerable groups, as well as strengthening partnerships among service provider/local governments and CSOs.

The process of supporting the development of local strategic development plans should be used to explore possibilities of mainstreaming including resilience to shocks into the plans.

Support to improving good governance at sub-national level and better infrastructure connectedness is another stream of action.

Medium and long-term

In perspective, it is important to provide advisory services to national and local governments and promotion of community and urban resilience, particularly supporting investments in empowered and resilient community-led response systems, working with and through a wide variety of stakeholders and tailored according to needs and context. Local community responses should also be supported in ensuring mainstreaming of gender and conflict-sensitivity, strengthening social cohesion, trust and connectedness. In this process, it is crucial to mobilise and pull together all existing resources, from human, infrastructural, financial, etc.

Support to effectiveness and efficiency of public finance at subnational level will be continued.

Capacities of local self-governments and NGOS should be strengthened and solutions devised to be systemic, embedded in a local development plans and risk reduction strategies and plans in order to build long terms resilience of communities and the society.

Continue support to and partnership with the citizens and civil society organizations in their advocacy efforts, community mobilization

activities as well as in service provision for the particular vulnerable groups.

9 Interventions

The tables below show the UN's interventions to date, including re-programmed funding and new funding that the UN has received for the emergency response to COVID-19, indicating which donors contributed. Data has been pulled from UN Info.

9.1 Table 1: Re-programmed and adjusted for COVID response activities

2-Protecting people				
Label	Description	Agency	Source of funds	2020 Available Resources
Be Safe application and Crisis Action Plan for GBV	UNDP developed application enabling the victims of GBV directly report violence. Further UNDP supported the development of recommendations for the implementation of the Protocol and Code of Conduct in cases of domestic aligned with the Istanbul Convention.	UNDP	Funding Window	3,940.00
Establishment of temporary transit reception centre	Operationalization of the Centre, as initially envisaged, was postponed due to COVID 19 and the initial funding of 300,000 EUR was reallocated by the donor for other purposes. However, IOM applied for the funds to implement this project in Montenegro through a joint Covid 19 related IOM-UNHCR regional project (covering Western Balkans), funded by the EU. The funds allocated to IOM Montenegro amount 700,000.00 EUR and the project is being implemented as of April 2020.	IOM	EU Delegation	350,000.00
Provision of direct assistance to migrants	This activity was refocused and aligned with specific needs of migrants stranded in Montenegro during the COVID19 crisis. Namely, the budget allocated for this activity has not changed, but the activities in the field got adjusted to the situation on the ground. For example, IOM Mobile Team did not do transportation services due to "restriction of movement" measures, and instead kept on informing migrants on how to protect themselves, provided info about the situation in their countries of origin, enabled contacts with their families, went for grocery shopping covering the needs of children primarily etc.	IOM	EU Delegation, PRM, Gov. of Germany	81,000.00
Rapid Social Impact Assessment (RSIA)	The assessment aims to provide the evidence for decision-makers to tailor ongoing and future policy and programmatic interventions to alleviate the negative consequences of COVID-19 epidemic on the people of Montenegro, with a particular focus on protecting the fundamental rights of those most vulnerable.	UNDP, UNHCR, UNICEF	Core funds	25,926.00
Provision of service Day Care Centres for the elderly supported-adjusted for COVID part	Due to outbreak of Covid -a9 the Day Care Service has been adjusted to family home visits and meals delivery to vulnerable elderly	UNDP	MoSW Montenegro	168,750.00
Provision of service Family Outreach worker for the families in risk- adjusted for COVID part	Families in risk in 8 municipalities benefiting from the service provision. In light of situation caused by the novel coronavirus outbreak provision of service adjusted in order meet beneficiaries needs.	UNDP	MoSW Montenegro	60,000.00
Provision of direct assistance to asylum system	Provision of direct material and humanitarian assistance as well as capacity support to asylum seekers/refugees, NGO front-line workers and Ministry of Interior (asylum)	UNHCR	Core funds	25,000.00
Outreach activities particularly for vulnerable asylum seekers and refugees during the COVID-19 lockdown	Outreach activities for vulnerable asylum seekers and refugees in Montenegro	UNHCR	Core funds	30,000.00
Social protection system response to Covid crises	Social Card – ISWIS project has supported implementation of the four Government's emergency social protection measures:	UNDP	MoSW Montenegro	35,000.00

Total 779,616.00

3-Economic recovery

Activity	Description	Agency	Source of funds	2020 Available Resources
National Human Development Report - NHDR	NHDR will entail the Roadmap for digital transformation which will focus on three pillars: next generation economy, education and governance, and supported by recommendations for state policies in order to strengthen the digital system in all areas of life and business. With the green transition, digital transformation is recognized as a key mechanism for future economic prosperity, therefore this report will be of great importance to the Government and other partners in reform process of development policies and strengthening the resilience of the economy to future economic and other crises	UNDP	MoPA Montenegro	28,306.25
Establishing efficient public administration through the use of ICT technologies	Upgrade and strengthening of the Single Information System for data exchange between public authorities and administrative bodies (Government Service Bus -GSB). Connecting key data registers with GSB. Design and implementation of several e-services for citizens and businesses.1) Online Enrolment of children into kindergarten and elementary schools 2) Registration of business entities, 3) Insight into and paying taxes of real estate transactions, 4) Registering birth and death, and 5) Changing the address within the country. E service Online enrolment of children to elementary schools and kindergartens was the activity which was accelerated and adjusted in the context of COVID	UNDP	EU Delegation	225,415.00
Increase access to human-centered, effective social support services for targeted groups, including labour market activation	To enable provision of integrated reintegration assistance to readmitted nationals at individual, community and structural levels through capacity building activities	UNDP, IOM	SDG fund	170,000.00
Development of Roadmap towards circular economy	We aim to develop the necessary know-how and strengthen the capacities of stakeholders who will either support or actively participate in the creation of the CE roadmap, engage the stakeholders in the debate on the key questions – benefits, barriers, inputs, metrics and indicators, priority sectors and synergies with the post-pandemic recovery plans, and to map the economic sectors with the highest potential for the CE.	UNDP	GLOC	40,000.00
Study and road-map for policy and incentive options for green businesses in agricultural, tourism and energy sectors	Adjusted for COVID 19 project activities will seek to secure support to the Government of Montenegro through securing advisory services that would:-analysis of expected negative impacts of COVID 19 on incentive framework in Montenegro, specifically those support lines that could be considered as the green stimulus, and whether proposed recovery measures have a negative impact on these measures, -relying on EU's Green Deal prepare a list of options, and an estimate of applicability in the Montenegro context, that can be used as part of a green stimulus package that would combine crisis spending to restart the economy with environmental goals in mind. Proposals include clean energy tax credits, requirements that bailed-out industries and business commit to emissions cuts, and investments in green infrastructure, among many others.	UNDP	GEF, Embassy of United Kingdom in MNE	23,000.00
Strengthen existing and develop new internal acts for the operationalization of the Eco-Fund.	Strengthen existing and develop new internal acts for the operationalization of the Eco-Fund.	UNDP	GEF	50,000.00
Enhancement of the Competitiveness of the Economy in Montenegro	1. Further consultancy support provided to the selected Montenegrin municipalities in the preparation of strategic development plans; 2. Clusters supported in development of project proposals in response to public call launched within Cluster Support Programme 2017-2020; 3. Assistance provided to the Ministry of Economy (MoE) in the promotion of ten lines of technical and financial support to entrepreneurs and	UNDP	GLOC, Ministry of Economy	179,244.00

	MSMEs; 4. Support provided to the MoE in the implementation of the concept of national brand and raising capacities of the staff in this field.			
Improved access to employment and enhanced social inclusion through improved local infrastructure in the less developed areas of Montenegro-adjusted for COVID part	Providing support to the small businesses and local self-governments in maintaining business continuation, affected by COVID. In the framework of the Norway for You Montenegro project, additional stream of activities will be introduced related to provision of more technical support to small businesses in exploring and introducing new businesses modalities as also to local self-governments to manage infrastructure projects.	UNOPS	NORAD	50,000.00
Green Business Incubator established	Provide technical assistance for the establishment of the Green Business Incubator	UNDP	GEF	30,000.00
Technical assistance to Investment Development Fund (IDF) to enhance green business finance	The activity will support the improvement of the IDF's green financing portfolio (i.e., programme for financing environmental protection, energy efficiency and renewable energy projects); and increasing their capacity to review loan offerings, update associated policies and procedures, and produce marketing to make it more attractive to end-users. Moreover, assistance will be provided to support the IDF with aligning its internal policies and regulations on mainstreaming green business finance (e.g. targets for green financing in the portfolio, etc.).	UNDP	GEF	26,000.00
Design of financing mechanism (performance-based payment scheme) for Investment development fund of Montenegro to serve as guiding principle for development of future PBPS.	work with the Investment Development Fund (IDF) to enhance the existing and to design new financial products for green businesses. The technical assistance will be provided to assist IDF in marketing, sourcing, and appraising green loan applications, to design and introduce new financial products, as well as internal policies mainstreaming green business finance in IDF's overall portfolio.	UNDP	GEF	120,000.00
Capacity building on single window and data sharing for the Western Balkans	Third annual seminar to be held in Skopje or Ohrid, N Macedonia, October 2020.Strategic Objective: To enhance trade facilitation, agricultural quality standards and regulatory and trade-related economic cooperation for the transition to sustainable economic growth and sustainable production and consumption in the ECE region and beyond.	UNECE	United Nations Development Account	2,000.00
Total				943,965.25

4-Macroeconomic response and multilateral collaboration

Activity	Description	Agency	Source of funds	2020 Available Resources
Strengthening Transparent and Accountable Public Finance Management in Montenegro	Improve public finance management in the country through ensuring efficiency, effectiveness and responsibility in fiscal planning and execution, as a prerequisite for further development of all sectors of economy and better quality of life for citizens (through interventions targeted at: 1. reinforcing public sector accounting and reporting systems, 2. increasing public revenues, 3. improving financial and regulatory situation in Montenegrin municipalities and 4. supporting financial programming, macroeconomic analyses and projections)	UNDP	Slovak Ministry of Finance	119,750.00
Evidence-based environmental governance and sustainable environmental policies in support of the 2030 Agenda	UNDA project - identifying policy gaps between current conditions and desired achievement of SDGs, development of NAPs/ policy packages and capacity building activities. Delayed until 2021.	UNECE	United Nations Development Account	10,000.00
Total				129,750.00

5-Social cohesion and community resilience

Activity	Description	Agency	Source of funds	2020 Available Resources
Fostering dialogue and social cohesion in and between Bosnia and Herzegovina, Montenegro and Serbia (Dialogue for the Future)	Joint regional programme Dialogue for the future has already, before pandemics, solicited people proposals for strengthening social cohesion. This dialogue resulted in numerous recommendations, which are currently being implemented through UN work on policy level and financial support to NGO projects. Five NGO will implement regional projects empowering youth, women and teachers to contribute to social cohesion by enabling dialogue, skills building, and public awareness related to solidarity, human values, interculturalism, gender equality.	UNDP, UNICEF, UNESCO	UNPBF	393,923.00
Re-load programme- Adjusted for COVID part	In the situation of COVID 19 pandemic, ReLOaD team in Montenegro reallocated resources to support the NGOs for immediate support to vulnerable population groups in reducing consequences of COVID 19 pandemic	UNDP	European Union	22,516.00
Developing Smart Sustainable City Profile	Workshop and fact-finding mission to Podgorica to gather data for Smart Sustainable City Profiling, date tbc November 2020, Podgorica, Montenegro. Strategic objective: to advance decent, adequate, affordable, energy-efficient and healthy housing for all in liveable cities and human settlements, sustainable land management and evidence-based population and social cohesion policies	UNECE	Core funds	15,000.00
Enhanced capacities of the relevant institutions managing cultural heritage in Montenegro	the proposed is aiming at enhancing knowledge and skills of experts in the Ministry of Culture and experts from administration and Institutions, dealing with cultural heritage, strategic planning, programming and preparation of projects on the economic use of cultural heritage, as well as achieved higher level of understanding and commitment to sustainable development and organised program of activities which will improve understanding, better information and support of stakeholders, experts and wider public to preserve and sustainably use the cultural heritage of Montenegro	UNESCO	MoCulture Montenegro, UNESCO	27,000.00
Awareness raised on the importance to proper safeguard cultural heritage and UNESCO designated sites in Montenegro	Adjusted for COVID. Besides originally agreed objectives, the strategic documents will be developed addressing the impact of COVID-19 to the cultural heritage.	UNESCO	MoCulture Montenegro, UNESCO	27,000.00
Enhancing the legislative framework in the area of cultural heritage management	Drafting of Amendments to the Law on the Protection of Cultural Property, its bylaws and strategies for the Conservation Activity Development. Adjusted for COVID. Consultants provided technical support for the preparation of the new economic measures to support cultural sector.	UNDP	MoCulture Montenegro	3,000.00
Supporting cultural tourism and economic valorisation of cultural heritage through promotional activities	Awareness of the significance of cultural heritage and the need to preserve it presented through a web page and social media channels- Research studies and publications on cultural heritage, especially about revitalized buildings and settlements prepared for publishing. Adjusted for COVID. Consultants provided support to the Ministry of Culture for organisation of the campaign- Living Culture: Stay in home.	UNDP	MoCulture Montenegro	3,900.00
Fighting against Illicit trafficking of cultural property- COVID related part	During the inception phase, the new training modules are to be developed addressing Covid-19 pandemic and the concrete impact to the illicit trafficking of cultural properties.	UNESCO	European Union	10,000
CoronaThon	Amidst the Covid-19 pandemic, the Hackathon aims to offer solutions to help the country to quickly adapt, respond and recover. To fast-track this process, we rely on tech-savvy geeks and collective intelligence to come to the fore – and join hands in solidarity to hack the crisis. The Hackathon aims to catalyze solutions in following categories – broadly defined to enable innovation and not inhibit the creativity: 1. Healthcare provision2. Wellbeing - social/psychological3. Business continuity and logistics, with focus on green and sustainable jobs and solutions4. Education5. Other Hackathon promotes digital innovation in	UNDP	UNPBF, ADA, RRF	40,000.00

adapting employment, livelihoods and provision of basic services in response to the emerging development challenges caused by the pandemic. All the proposed solutions should focus on safeguarding of human rights and protecting vulnerable groups. While focusing on economic and social aspects, the ideas can also cover principles of “recovering better by recovering greener”, including by promoting environmental innovation and climate solutions			
Total			542,339.00

GRAND TOTAL RE-PROGRAMMED: 2,395,670.25 USD

9.2 Table 2: Newly funded interventions

1-Health first				
Activity	Description	Agency	Source of funds	2020 Available Resources (Annual)
Donate personal protective equipment (PPE) to the Port Control Units (PCUs), Border Police, Customs officers at the Port of Bar as part of the COVID-19 response and support to the national authorities	In line with the UNODC's activity on strengthening existing Port Control Unit's operational and sustainable national law enforcement capacities, this activity was initiated as part of the COVID-19 response and support to the national authorities	UNODC	Non core funds	2,000.00
Blood Transfusion software platform	Blood Transfusion software solution that will increase blood donations. New web portal and mobile applications will modernize the established procedures such as scheduling donations by voluntary donors, filling out mandatory questionnaires, as well as other administrative procedures within the Blood Transfusion Institute. This is particularly important during COVID -19 crisis.	UNDP	RRF	6,000.00
Medical equipment Inventory platform	Centralized ERP, web based application developed to cover basic business flow of tracking incoming medical supplies and their expenditures on level of each individual medical institution as well as cumulative/overall. Reporting with AI elements. New ERP platform will offer capability to Ministry of Health for proactive planning and actions to ensure enough medical consumables and equipment are available at any given time at each health care facility, especially during COVID 19 crisis.	UNDP	ADA, RRF	35,113.00
Preparedness, surveillance and response: improving protection against emergencies through strengthening capacities for emergency preparedness	Support a national multi- sectorial dialogue and implementation of IHR. Strengthen capacities for COVID -19 preparedness and response including capacities for early detection, testing (lab diagnostics), contact tracing, clinical management and risk communication.	WHO	WHO	920,000.00
Support establishing quarantine facilities for COVID 19	Implementation of urgent activities on adaptation and equipping of facilities to set up coronavirus quarantine facilities.	UNDP, UNICEF	Core funds	42,678.00
COVID-19 Emergency Response in Montenegro	Procurement of PPE and medical equipment to respond to COVID-19. Deployed medical staff to provide rapid response to COVID-19 outbreak enabled with adequate medical equipment for diagnostics and treatment.	UNDP	EU Delegation	3,309,857.00
Supply of medical equipment	Supply of 10 ventilators with purpose to empower health system and COVID response. Procurement of 10 ventilators for the health system of Montenegro support COVID response, in line with CPRP plan	UNOPS	Gov. of Norway	210,000.00

Procurement of 2 COVID-19 kits for the IPH and Special Veterinary Laboratory of MNE	The IAEA is providing standard sets of RT-PCR (real-time polymerase chain reaction) equipment, consumables, primers and probes for the rapid detection of the COVID-19. More specifically, the support package is comprised of :i) Personal Protective Equipment (PPE) for the operators during sampling, sample processing and testing; ii) Equipment for establishment/upgrade of molecular diagnostics (thermocycler, biosafety and PCR cabinets, small equipment like centrifuges, vortexes etc.); and iii) A specific diagnostic kit for the detection of the novel coronavirus (2019-nCoV / COVID-19) using three techniques, the one established by Charité Virology, Berlin, Germany (Dr Drosten's team), the one established by the Hong Kong University (both recommended by WHO) and the new, validated and certified BGI ready to use RT-PCR kit. The laboratory setup is based on real time RT-PCR . Each standard IAEA package of RT-PCR kits is sufficient for approximately 2,000 tests.	IAEA	Extrabudgetary contributions to IAEA	221,195.00
Strengthening risk communication and community engagement in COVID-19 response	Strengthening risk communication and community engagement in COVID-19 response to Montenegro. From June 1, transition period ongoing with messages adjustment to focus on maintaining distance 1-3m from other people and frequent handwashing.	UNICEF	Core funds	107,121.00
Health care waste disposal assessment	Asses the current state of Health care waste disposal. Assessment of the current situation with short term storage and management of health care waste within medical service providers and based on the identified gaps provide recommendations for improvement.	UNDP	RRF	30,000.00
Total				4,883,964.00

2-Protecting people

Activity	Description	Agency	Source of funds	2020 Available Resources (Annual)
Providing medical, prevention and hygiene supplies for the most vulnerable children and their families (COVID19)	Distribution of hygiene packs and diapers by the Red Cross of Montenegro to the most vulnerable Roma and Egyptian households across the country.	UNICEF	Core funds	75,109.00
Supporting access to continuous education services in response to COVID19 outbreak	Distribution of paper-based learning materials for Roma and Egyptian children who do not have access to distance learning channels. Enhancing and consolidation of MEIS based services, including for online enrolment. Capacity building for teachers to use digital tools in quality and effective manner in everyday teaching. Development of a platform for online learning and collaboration, in cooperation with UNICEF HQ, University of Cambridge, and Microsoft. Online safety programs for adolescents through non-formal education.	UNICEF	Core funds, Global Education Thematic Funds, Telenor	137,242.00
Providing continuous ECE services in response to COVID19 crisis, focusing on the most vulnerable	Production of video tutorials for parents on how to best support development of their children through games and play, in cooperation with preschool teachers and MoE. Adaptation of the Young Athletes program (international program for support to children with and without disabilities) for implementation at home, through production of video materials and a manual for parents.	UNICEF	Global Education Thematic Funds, Humanitarian Action Thematic Fund	41,383.00
COVID-19 response to ease humanitarian and socio-economic recovery of refugees, asylum seekers and persons at risk of statelessness	Provision of emergency response and recovery assistance to persons granted international protection, residual long-staying asylum seekers in private accommodation and persons at risk of statelessness. The assistance implies various targeted activities based on the socio-economic impact assessment, vulnerabilities identified before the COVID-19 outbreak and the impact of the pandemics to the livelihoods of the target population.	UNHCR	European Union	277,913.00

Conduct Social Impact Assessment (SocCard data analyses)	Conduct social impact assessment following the Rapid Social assessment. A comprehensive analyses of the Social card system data that would provide basis for running the policy simulations and development of the social policy options. It will aim at improved targeting of the vulnerable populations that sought social protection (reducing the social exclusion error).	UNDP	RRF	30,000.00
Specialised service support connected to Be safe application	-Live chat implementation through the application directly with SOS helpline -Push notifications - informing users about new laws, content, education, etc.-An interactive map of Montenegro showing the specialized service providers -Interactive map of number of cases of violence by town -Push messages from admin - Women to women outreach campaign - IT equipment for specialized service providers	UNDP	ADA	40,000.00
Risk communication with asylum seekers and refugees in the languages of main countries origins	Posters, regular communication through Viber groups on major developments in relation to COVID-19, establishment of 24/7 protection hotline		Core funds	15,000.00
Supporting the social protection system for COVID-19 response and recovery	Activity linked to 2.1.2.7, i.e. comprehensive assessment of the social protection system in Montenegro. Additional focus: - Update the vulnerability assessment to account for the epidemiological, economic and social impact of the crisis through a gender, human and child rights and equity lens. - Complement the current assessment by the analysis of the system's ability to respond to shocks, etc.	UNICEF	Core funds	22,109.00
Support adolescent and youth empowerment and engagement with most vulnerable groups in COVID-19 response	Supporting adolescent and youth empowerment and engagement through alternative means of deployment (online workshops, webinars, challenges, building resilience and mental health support) with a particular focus on vulnerable groups such as adolescents with disabilities, adolescents in conflict with the law etc.	UNICEF	ING, Social Inclusion Thematic Fund, Humanitarian Action Thematic Fund	16,093.00
Total				654,849.00

3-Economic recovery

Activity	Description Status	Agency	Source of funds	2020 Available Resources
Economic Impact Assessment and Growth Prospects Report	The Economic Impact Assessment and Growth Prospects Report analyzes the impact of the COVID-19 on micro, small and medium enterprises and entrepreneurs (MSME&E) in Montenegro. It provides recommendations to the government, business sector and other relevant stakeholders in Montenegro on how to effectively overcome the negative impact of the COVID-19 on its economy. The final Report will be finalized in September after the second wave of data collection about the impact of COVID-19 on businesses in Montenegro.	UNDP	Core funds	20,000.00
Socio-economic Impact Assessment of Covid19 to Cultural Sector in Montenegro	The Assessment identified systematic impact of the crisis by capturing information on public measures and provisions to support the cultural institutions, artists, and cultural and creative industries, and to determine the effects of the impact to these groups. It also explored new ways of production, dissemination and consumption of culture. The report has been finalized in June, with the support of the Ministry of Culture	UNESCO	Core funds	7,500.00
Developing support mechanisms for women's economic empowerment	Rapid gender assessment in the context of COVID19 in Montenegro conducted in partnership with UN Women. Currently working on the findings of care economy survey in order to develop scenarios and options for redesign of social policies and measures.	UNDP	UN WOMEN, UNDP	41,800.00
Online survey on how the COVID-19 safety measures and economic crisis is affecting MSMEs	The aim is to provide the Government with a solid understanding of the pandemic's impact on different economic actors, including MSMEs, as this is an essential step for designing measures to build stronger and resilient economy after COVID-19 pandemic. The survey targets MSMEs operating in the agricultural and	UNECE	Core funds	15,000.00

	manufacturing sectors as well as those engaged in trade in goods. It builds on UNECE's in-depth understanding of the challenges facing MSMEs. The survey also places special emphasis on gaining insights into MSMEs' measures to cope with the economic shock and their implications for the country's recovery and future development prospects.			
Total				84,300.00

4-Macroeconomic response and multilateral collaboration

Activity	Description Status	Agency	Source of funds	2020 Available Resources
Rapid Assessment of the Employment Impacts and Policy Responses	The report "Covid-19 and the World of Work: Rapid Assessment of the Employment Impacts and Policy Responses" is part of a series of reports that the ILO and the EBRD are preparing to contribute to evidence-based policy dialogues in the Western Balkan economies in the aftermath of the Covid-19 pandemic. This first edition for Montenegro covers the unfolding of the crisis and its impacts on the labour market during the lockdown phase, as well as reflections on the measures proposed by the Government to attenuate the impact of the crisis. Policy recommendations can inform decisions by the Government and the social partners during the reactivation and recovery phases. For more comprehensive thematic reviews of the impacts of Covid-19 on the world of work, please consult the relevant pages, available at: www.ilo.org and www.ebrd.com	ILO	EBRD, European Union, ILO	6,000.00
Total				6,000.00

5-Social cohesion and community resilience

Activity	Description	Agency	Source of funds	2020 Available Resources
Ensuring continuity of providing child protection services in renewed circumstances (COVID19)	Support state run Child helpline to provide psychosocial support to children in relation to COVID-19. Support Red Cross to recognize risk of child separation from family through training by NGO "Family Centre". Support MoI to promote Safe at Home to children and with respect to children's safety.	UNICEF	Core funds, Gov. of Norway	5,520.00
Strengthening and adapting prevention and response services for violence against children and GBV in COVID-19 outbreak	Training of Red Cross outreach workers and volunteers on PSEA prevention, risk mitigation & referrals for survivors, on GBV and VAC. Provision of free legal aid. Development of GBV pocket guide based on the international IASC GBV Pocket Guide.	UNICEF	CPTF, Gov. of Norway	16,172.00
Total				21,692.00

GRAND TOTAL NEWLY-FUNDED: 5,650,805.00 USD

9.3 Table 3: Unfunded recovery interventions developed based on needs analyses and research recommendations

1-Health first								
No.	Intervention result description (output level)	Timeframe for impact	Total cost in USD	Funding available	Funding provided by	Funding gap	Government, NGO and/or other counterparts	Implementing UN entity
1.1.	Phase III of the Strengthening Health System Project: Telemedicine	2020-2022	2,500,000	0	n/a	2,500,000	Min/of Health	UNDP

	and mobile health (mHealth) services established and functional enabling quality and remote provision of diagnostics, healthcare, prevention, follow-up visits, management of chronic conditions, medication management, specialist consultation for the patinates							
1.2.	Strengthening risk communication and community engagement including digital engagement and rumour monitoring	18 months	700,000	/	/	700,000	IPH, Government Secretariat	UNICEF, WHO
1.3.	Support continuity of health and nutrition services	18 months	700,000	110,000	DG NEAR regional project	590,000	IPH, Ministry of Health	UNICEF, WHO
1.4.	Enhancing capacities of the national veterinary laboratory for detection of dangerous viral diseases	2021-2022	300,000	/	/	/	National Veterinary Laboratory	IAEA
	Total gap pillar 1					3,790,000		

2-Protecting people and social services								
No.	Intervention result description (output level)	Timeframe for impact	Total cost in USD	Funding available	Funding provided by	Funding gap	Government, NGO and/or other counterparts	Implementing UN entity
2.1.	Social protection system strengthened to respond better to crisis and to provide services to the most vulnerable ones – providing assistance/services to the most vulnerable groups with focus on victims of gender-	2020-2022	1,000,000	0	n/a	1,000,000	MLSW, NGOs	UNDP

	based violence and the elderly),								
2.2.	Roma population develop resilience to health, social and economic shocks	2020-2023	2,000,000	0	n/a	2,000,000	MoLSW, MoH	UNDP	
2.3.	Developing an interactive platform for online teaching, learning, and collaboration and creation/adaptation of a quality, inclusive digital curriculum and teacher training for quality and inclusive teaching and learning by use of digital tools	18 months	350,000	/	/	350,000	Ministry of Education and partners	UNICEF	
2.4.	Supporting the Ministry of Labour and Social Welfare and Centres for Social Work to provide one-off cash assistance and family outreach services to some of the most vulnerable families in Montenegro.	18 months	1,200,000	150,000	HAC funding Denmark	1,050,000	Ministry of Labour and Social Welfare and Centres for Social Work	UNICEF	
2.5.	Strengthening the social protection system to make it more shock responsive.	18 months	100,000	/	/	100,000	Ministry of Labour and Social Welfare	UNICEF, UNDP	
2.6.	Supporting outreach through civil society organisations to the most vulnerable children, adolescents, youth and caregivers to ensure continuity of access to services.	18 months	500,000	/	/	500,000	Ministry of Labour and Social Welfare, outreach CSOs	UNICEF	
2.7.	Support adolescent and youth empowerment and engagement with most vulnerable groups in COVID-19 response	2020-2022	300,000	150,000	ING	150,000	Ministry of Sports and Youth, Digitalizuj.me	UNICEF	
2.8.	Project on addressing the medium and the long-term effects of COVID-19 on mixed migration movements in Montenegro and contributing to	2020-2022 (48 months)	795,298 USD 1,000,000 USD	0	Multi-Partner Trust Fund - Migration	795,298 1,000,000	IOM, UNDP, UNICEF, Government's endorsement	UNHCR IOM	

	early recovery of the national institutions and the affected communities (focusing on As, ref, PARS in MNE) – pending approval of the Concept Note							
	Total gap pillar 2					6,945,298		

3-Economic recovery								
No.	Intervention result description (output level)	Timeframe for impact	Total cost in USD	Funding available	Funding provided by	Funding gap	Government, NGO and/or other counterparts	Implementing UN entity
3.1.	Accelerating innovation Create the enabling environment for the national innovation governance system for effective coordination and implementation of the S3 Strategy. Enhance the impact and effectiveness of the National Innovation Council as a platform for innovation development and the improvement of the innovation-oriented business sector in Montenegro.	2020-2021	265.000 USD	70.000	UNDP	195.000	GoM, Ministry of Science	UNDP
3.2.	Closing Gender Gap in Digital and STEM for economic empowerment of women	2020-2023	500,000	0	n/a	500,000	MoSc., MoE. MLSW	UNDP
3.3.	Strengthen economic governance and introduce gender equality targeted policies through women's economic empowerment,		450,000	35,000 <i>UNDP RRF</i>	UNDP	415,000	GoM & relevant business associations	UNDP

	to enable growth and development in pandemic aftermath.							
3.4.	Economic empowerment of vulnerable groups, with focus on youth and Roma	2021-2022	350,000	0	n/a	350,000	GoM, social and employment sectors	UNDP
3.5.	Support developing Green Innovations for transition towards Circular Economy in sectors closely related to agriculture and tourism, for sustainable job creation, women empowerment and MSMEs development in Montenegro (through creating observatories, virtual collaboration platforms and capacity-building initiatives to undertake readiness analysis and develop roadmaps and innovation-friendly policies, business environment regulations and standards).	2020-2022	1,000,000 USD	20,000	-	980,000	Government	UNIDO
3.6.	Creating the image of local communities as destinations rich in cultural heritage and tradition in order to promote smart, sustainable and inclusive economic growth (E-	2021-2022	800,000	0	n/a	800,000	Government, Ministry of Culture, Ministry of Sustainable Development and Tourism	UNESCO

	system created for municipal collection of revenues (smart card pass) - Kotor and Durmitor)							
3.7.	Reducing unemployment in Montenegro by creating more dynamic response to labor market needs	2021-2023	2,500,000	0	n/a	2,500,000	Ministry of Labor and Social Welfare, Ministry of Education, Ministry of Economy, Employers representatives	UNOPS
3.8.	Mitigating the impacts of Covid-19 in the World of Work in Montenegro Result: improved labour market governance to support rights and labour standards	15 months (August 2020 – November 2021)	982,330 USD	482,330 USD	UK (GGF)	500,000 USD	EAM, MLSW, Social Council, social partners	ILO
3.9.	Strengthen the operational capacities of the Employment Agency of Montenegro (EAM) through digitalization Result: increased efficiency and responsiveness of the EAM to the needs to citizens in times of crisis	18 months (Oct 2020 – March 2022)	~ 1.5 mio USD	105,575 + 399,748 = 505,323	EUD/ILO	~ 1 million USD	EAM, MLSW, EUD	ILO
3.10.	Technical assistance to EAM in the Covid response (pilot programmes) Result: TBA	To be determined	960,000	270,000 + 30,000 = 300,000 USD	EUD/ILO	660,000 USD	EAM, MLSW, EUD	ILO
	Total gap pillar 3					7,900,000		

4-Macroeconomic recovery and regional collaboration

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5-Social cohesion and community resilience

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No.	Intervention result description (output level)	Timeframe for impact	Total cost in USD	Funding available	Funding provided by	Funding gap	Government, NGO and/or other counterparts	Implementing UN entity
5.1.	Strengthening social cohesion, participation and dialogue with focus on resilience to risks	2019-2021	990,000 USD	290,000 USD	PBF	700,000	Government	UNDP UNESCO UNICEF
5.2.	Supporting resilience of local communities using innovative approaches	2021-2022	320,000 USD	0	n/a	320,000	Local self-governments, Ministry of Culture, Ministry of Sustainable development	UNDP UNESCO
5.3.	Improve capacities of local CSOs for service delivery and partnerships with local self-governments	2021-2022	1,600,000	0	n/a	1,600,000	NGOs, Local self-government, government	UNDP
	Total gap pillar 5					2,620,000		

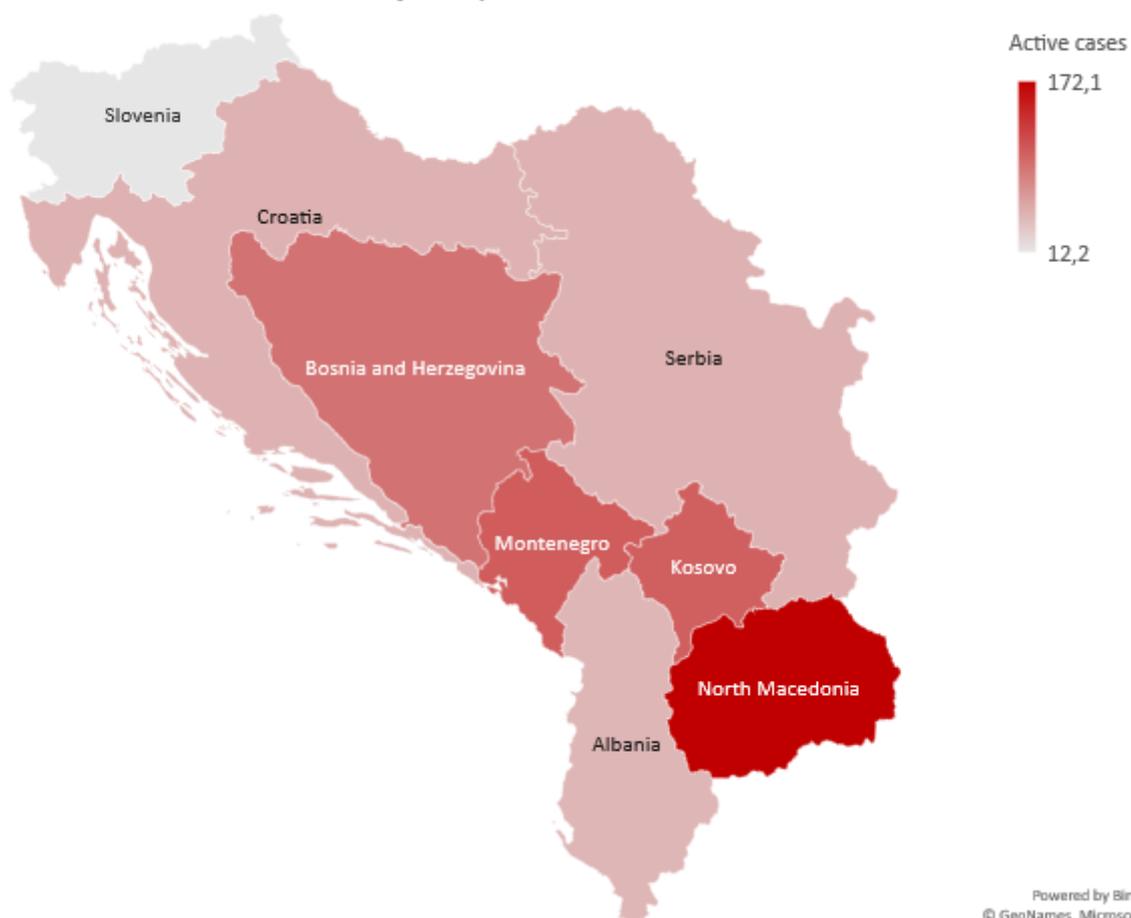
GRAND TOTAL FUNDING GAP:

21,255,298.00 USD

Annex A: Epidemiological situation of the Western Balkans

Below is an assessment of the epidemiological situation of the Western Balkans showing the relative number of cases and a chart showing the incidence rates as at the 10th July 2020.

Number of active Covid-19 cases, per 100.000 people
as of 10 July 2020



	Number of people	Number of cases in absolute terms				Numbers of cases per 100.000			
		Confirmed	Cured	Fatalities	Active	Confirmed	Cured	Fatalities	Active
Albania	2.881.000	3.278	1.875	85	1.318	113,8	65,1	3,0	45,7
Bosnia and Herzegovina	3.301.000	6.086	2.815	214	3.057	184,4	85,3	6,5	92,6
Croatia	4.130.000	3.416	1.313	115	1.988	82,7	31,8	2,8	48,1
Montenegro	628.000	1.019	320	19	680	162,3	51,0	3,0	108,3
Serbia	6.927.000	17.342	13.651	352	3.339	250,4	197,1	5,1	48,2
Kosovo*	1.845.000	4.100	2.063	86	1.951	222,2	111,8	4,7	105,7
Macedonia	2.084.000	7.572	3.624	362	3.586	363,3	173,9	17,4	172,1
Slovenia	2.079.000	1.793	1.429	111	253	86,2	68,7	5,3	12,2

Sources: <http://data.un.org/en/index.html>; <https://www.slobodnaevropa.org/a/30534027.html>

Annex B: Full list of proposed support

This annex highlights the full list of areas of support or potential projects which are either in design, implementation or can be developed by the UN to support Montenegro recover from the COVID-19 crisis and build back better. Where applicable the UN agency that could work on the area of support has been identified. Each of the five pillars has its potential areas of support listed below.

1: Health first

1. (WHO) Strengthen national capacities for health emergency planning and management;
2. (WHO) Strengthen public health capacities for early detection, testing, contact tracing in case of outbreaks of communicable diseases like COVID-19;
3. (WHO) Develop a national plan for surge capacity, including strategy for scaling up with proper costing, reagents, supplies and consumables, and flexible policies to enable rapid response, addressing contractual issues, etc.
4. (WHO) Upgrade and reinforce laboratories
5. (WHO) Ensure the stockpiling of reagents, kits, PPE, including through management and distribution logistics improvements.
6. (WHO) Minimize societal disruption by guiding business continuity planning to ensure continuity of essential health services and supplies;
7. (WHO) Strengthening quality essential health services and use of digital platforms and telemedicine
8. (WHO) Improving emergency medical services, emergency care and safe emergency transportation
9. (WHO) Infection control and preventive measures for protection of all health workers and patients in all health facilities and nursing homes.
10. (WHO) Strengthening supply chain management and reduce dependency of essential medicines and medical products.
11. (WHO) Promoting better integration among different levels of care, with strengthened and person-centered, comprehensive PHC system on essential preventive and community health interventions such as outreach services, covering immunization work, maternal health, NCD screening; guidance on supporting inclusive health response to people with

disabilities, those vulnerable and marginalized, and migrants.

12. (WHO) Health financing to strengthen financial protection for the poor and those who became vulnerable as a result of the pandemic.
13. (WHO) Improving information and data sharing among all levels of care.

2: Protecting people

Immediate Response

Analysis and Advocacy

1. (UNCT) Assessing the socio-economic impact of COVID-19 on vulnerable groups and identifying new vulnerable groups - with targeted sub-assessments concerning the social impact, economic impact, impact on employment and impact on gender equality.
2. (UNCT) Targeted advocacy on the socio-economic impact of COVID-19 on vulnerable groups and based on evidence collected from the various rapid needs assessments and existing data that points to vulnerabilities and system gaps.
3. (UNICEF) The comprehensive social protection system assessment (based on inter-agency tools) was refocused to provide relevant recommendations concerning the social and economic impact of COVID-19 on children and options for financing integrated social protection responses.
4. (UNICEF) The multidimensional child poverty study (to be launched in autumn) will be used as a key advocacy tool to mobilise action for investments to address child poverty which is already affecting every third child in Montenegro with the number of children falling into poverty due to COVID-19 expected to rise.
5. (UNDP) Data analysis from Integrated Social Welfare Information System on the social impact of COVID-19. Recommendations provided to the Ministry include potential amendments to the Law on Social and Child Care protection to increase adequacy and coverage of the poor with social protection schemes.
6. (UNDP) Rapid gender impact assessment, with focus on care economy, unpaid work and the burden shared by women frontline workers to be finalized.

7. (UNDP, UNICEF, ILO) Providing expert advice to national partners in the social protection, education and employment sector and independent human rights institution in adjusting procedures and approaches to COVID-19; support to design and implementation specialised services for the most vulnerable.
8. (UNODC) assessing How the COVID-19 restrictions and the economic consequences are likely to impact migrant smuggling and cross-border trafficking in persons to Europe and North America and the COVID-19 and the drug supply chain.

Technical Assistance

9. (UNDP) Ensuring continued functioning of service providers and provision of tailored social protection and employment services in the context of the pandemic.
10. (UNDP) Developing recommendations for the implementation of the Protocol and Code of Conduct in cases of domestic violence during the pandemic and the Crisis Action Plan, aligned with the Istanbul Convention.
11. (UNDP) Ensuring continued functioning of the Integrated Social Welfare Information System enabling implementation of all work processes in social welfare institutions, interoperability with other IT systems and financial assistance transfer to the recipients of social protection.
12. (ILO) Ensuring prevention and mitigation of COVID-19 at workplaces through a Work Action Check List that was distributed in English and Montenegrin language.
13. (ILO) Providing support to safe return to workplaces for workers, in line with occupation safety and health standards and supporting effective and efficient services by the Employment Agency – especially for seasonal workers, informal workers, unemployed (without access to income support), young people market.
14. (IOM) Supporting implementation of sub-regional “Standard Operating Procedures for Front Line Border Officials at the Point of Entry in Response to COVID 19 Outbreak” to prevent transmission/contamination of working/living premises by COVID-19 and ensure effective handling of suspected/probable COVID-19 cases.
15. (UNHCR, IOM) Implementing an EU funded regional project “Addressing COVID-19 challenges within the Migrant and Refugee Response in the Western Balkans – focusing on creation of Migrant Transit Centre in Bozaj

envisaged to accommodate migrants and to be a migrant registration site.

16. (UNICEF) Strengthening capacities of social service workforce at national and local levels, with a focus on human-rights based and culturally sensitive approaches to vulnerable groups.

Support to Service Delivery

17. (UNDP) Promoting online services (apps, IT solutions) enabling effective needs identification, tracking and reporting in the context of COVID related restrictions mainly focusing on servicing the elderly.
18. (UNDP) Providing technical support to specialized services providers for victims of gender-based violence (shelters, helplines, online counselling).
19. (UNDP) Support to Roma communities in the areas of social protection, employment and awareness raising on available public services.
20. (UNHCR) Facilitating various channels of communication with asylum seekers and refugees during the lock down: protection hotline number, Viber groups and COVID-19 Information Materials in 6 languages.
21. (UNICEF) Supporting outreach through civil society organisations to the most vulnerable children, adolescents, youth and caregivers to ensure continuity of access to services.
22. (UNHCR) Providing immediate assistance in critical areas for asylum seekers and recognized refugees: food, hygiene items, doctors and medicine, clothes and support for rental of accommodation.
23. (UNHCR) Supporting school-age refugee and asylum-seeking children with online learning, through the provision of tablets and internet connection.
24. (UNOPS) Supporting women, youth and people with disabilities through income and job generation and improved physical infrastructure to enable better living conditions in 16 least developed municipalities.
25. (UNICEF) Supporting the Ministry of Labour and Social Work and Centres for Social Work to provide social assistance and family outreach services to some of the most vulnerable families in Montenegro.
26. (UNICEF) Support public institutions and CSOs in strengthening awareness, knowledge and skills of parents in positive parenting including in Roma settlements.
27. (UNICEF) Supporting the most vulnerable children with making up for loss of learning

and preventing school dropout, especially of girls, including to prevent child marriages.

Medium to long term response

Technical Assistance

28. (UNDP, UNICEF) Developing scenarios for the post -COVID-19 socio-economic recovery aimed at improving targeting and coverage of vulnerable groups with social protection programmes and assistance.
29. (UNDP, UNICEF) Providing expert support in amending or developing new strategic, legislative and normative frameworks that would enable national partners to effectively address poverty and social exclusion among others to address and mitigate negative socio-economic effects of COVID – 19.
30. (ILO) Advocating for introduction of legal formulation of “non-standard forms of employment” or “non-standard workers”.
31. (UNICEF) Providing technical assistance to the Institute for Social and Child Protection for developing Standard Operating Procedures and a cross-sectoral training module on working with children, victims of violence and exploitation as well as capacity building for multi-sectoral groups.
32. (UNDP) Providing expert and technical support in developing unique nation-wide criteria for disability determination.

System Strengthening (including Capacity building)

33. (UNDP and UNICEF) Strengthening the social protection system to make it more shock-responsive.
34. (UNDP) Social protection system strengthening (including IT) through capacity building of key national partners, support to accelerating reform processes, improving standards of servicing in social protection and employment.
35. (UNICEF) Developing an interactive platform for online teaching, learning, and collaboration and creation/adaptation of a quality, inclusive digital curriculum and teacher training for quality and inclusive teaching and learning by use of digital tools - in cooperation with the Ministry of Education and partners.
36. (UNICEF) Digitization of non-formal education and skills building platforms for adolescents and youth, including UPSHIFT, skills building

workshops and programmes for mental health.

37. (UNICEF) Conducting an Education Sector Analysis which will also consider the impact of the COVID19 crisis on the education system to ensure long-term responsiveness of the system to risks through quality planning and sustained financing of reforms.
38. (UNHCR) Providing effective protection monitoring and strengthening resilience of the asylum system – including medical assistance to asylum seekers, upgrading internet and video conferencing infrastructure at reception facilities and provision of protective equipment, hygiene and sanitization items.
39. (ILO) Strengthening linkages between different sets of institutional databases, having the work of Employment Agency of Montenegro more digitalized, will be in focus.
40. (IOM, UNHCR, UNDP, UNICEF – Concept note stage) Strengthening capacities of national institutions and resilience of migrants and affected communities to COVID-19 (such as livelihoods, increased family care and schooling) along with resilience of public services sector, business community and labour market.

3: Economic recovery

Immediate response

Protecting jobs

1. Consider the scenarios of the impact of COVID-19 on the development sectors and preparedness of public and private entities to maintain business continuity;
2. Intensify the economic-social dialogue to ensure better cooperation between social partners and businesses;
3. Consider the possibility of converting part of the credit support for liquidity into a grant and ensure guarantee scheme that may encourage new lending for the recovery;
4. Consider the temporary introduction of VAT payments on the collected cash and not on issued invoices;
5. Consider additional measures to support businesses run by women, youth and vulnerable social groups and ensure employment programs that contribute to the environment protection;
6. Consider additional measures (incentives for Research and innovation) and thus support

development of the Innovation ecosystem in the country;

7. Introduce support measure for decent youth employment, including school-to-work transition.
8. (UNIDO) Providing expert support on how to mitigate the impact of the disruption of productive activities and on reactivating production and supply chain. In particular, UNIDO may support SMEs/key industries in adopting digital technologies.
9. (UNIDO) Providing technical assistance on industrial revitalization and reinvigorating business models to help industries adapt to the post-COVID-19 realities.

Medium- to long-term response

Integrated, country-specific policy advice and programme support

10. Align all sectoral strategies with Smart Specialization Strategy (S3) including Economic reform program 2021-2023 which should be linked to the UN Agenda 2030 as well;
11. Accelerate drafting of the National Energy and Climate Plan until 2035, Digital Transformation Strategy, new spatial plan of Montenegro and legislation that deals with innovation;
12. Conduct research on the possibilities and models of universal basic income and develop a model of further reforms, which could include the introduction of a set of individual accounts for all first-time employees within the Pension Fund, which would be managed separately;
13. Local self-governments to recognize the measures they can take in response to the crisis, within the strategic development plans, in order primarily to protect the local population, but also to preserve the economy with strong focus on green incentives
14. Remove administrative barriers to reduce the informal economy and improve the position of Montenegro on the WB Doing Business;
15. Define methodology to calculate median salary as well as average salary in both the public and private sector and consider certain models of relieving the tax burden on work, primarily through the transfer of contributions at the expense of the employer in gross wages and compensation to employees through the revision of income tax;
16. Consider the model of introducing a carbon tax in the context of financing the reduction of the tax burden on labour and public debt;
17. Intensify public-private partnerships in all areas, including public administration, and especially in areas where specialist knowledge is needed;
18. Encourage medical and other similar forms of tourism, as well as consolidation and expansion of economic value chains that can spur both domestic production and consumptions, as well as lead to export;
19. Further develop and implement learning and certification programs to enable responsible development of the tourism products and service providers
20. Utilize digital tools in tourism and trade industry practices to gain competitive advantage
21. Enable greening of the national incentive program for tourism sector (implemented by Ministry of Sustainable Development and Tourism and National Tourism Organization) - design incentives for green tourism offer (large events, green tourism products, mobility alternatives)
22. Strengthen cultural industries through promoting cultural diversity and cultural heritage and create sustainable conditions for film production;
23. Consider introducing flexible working hours and work from home, to affect productivity growth and ensure positive impact on women's work activity;
24. Consider the modalities of the fiscal reserve to 10% of GDP by connecting with the so-called sovereign wealth funds of some countries and the reservation of funds to withdraw in case of fulfilment of the conditions, instead of relying on extraordinary issues of bonds;
25. Provide additional mentoring support to clusters in writing projects for obtaining grants and liaising with scientific research institutions, in order to encourage innovation in the production process and promotion of domestic products;
26. Initiate a model of regional cooperation in order to provide strategic reserves in a reliable and cost-effective manner, as well as forms of cooperation in health to ensure access to equipment and medical devices, and potentially tele-medicine.
27. (UNIDO) Providing expert support on how to mitigate the impact of the disruption of productive activities and on reactivating production and supply chain.

28. (UNIDO) Providing technical assistance on industrial revitalization and reinvigorating business models to help industries adapt to the post-COVID-19 realities.

Technical support to women micro and small entrepreneurs

29. Increasing women's access to finance through grant schemes;
30. Enabling access to resources for rural women and training program unlocking the business potential of rural women;
31. Enabling viable and sustainable mobility options for women in urban and rural areas
32. Innovation investment and soft support to women's entrepreneurship through accessing technical, scientific, innovative and general business networks;
33. Business training and entrepreneurship skills and promotion of women in business; and
34. Boost cooperation, grow markets, support women-owned businesses to compete in the value chain.

Support on strategies to green fiscal stimulus packages and digital transformation

35. Define measures and an action plan to stimulate the circular economy in key economic sectors;
36. Consider encouraging innovation and avoid the middle-income trap by defining incentive schemes for green transition on the supply side;
37. Consider introduction of the obligation of achieving high energy efficiency levels in all newly built facilities and encourage modernization of production processes in order to achieve greater energy efficiency;
38. Foster development of sustainable mobility options and the modal shift to sustainable modes of transport (bicycles, e-vehicles, car-sharing, fuel efficient and integrated public transport and walking)
39. Extend the program of economic passports, with investments in green transition and digital transformation and consider introduction of the Estonian e-residence model;
40. Conduct SDG mapping of the key value chains and programs created to support the achievement of defined SDG business indicators and address segments of the value chain that can be digitized or substantially

improved considering their impact on environment;

41. Create programs such as the purchase of green bonds of SME that provide funds to companies to invest in achieving SDG indicators defined by the prospectus in the proportion of 70% financial institution and 30% government, under more favourable conditions;
42. Consider the establishment of regional hubs for data centres through public-private partnership, bearing in mind the possibility of further development of the energy sector based on clean energy;
43. IDF should concentrate support dominantly on innovation programs and consider introduction of "green" credit lines strengthened by the application of performance-based grant schemes which can be linked to the operation of the Eco Fund and the future Innovation Fund;
44. Define measures for stock exchange reform in terms of the possibility of generating funds to support new generation of green projects;
45. Enable the introduction of block-chain technology and use of digital signature in order to improve the work of the administration with clients during all administrative procedures;
46. Analyse comparative examples of small countries that have renewed or preserved industrial capacities relying on the use of robots and other digital technologies.
47. (UNEP) Support actions towards improvement of the Protected Area network and effective management of the Protected Areas, as well as acceptance of sustainable management practices related to nature resources
48. (UNEP) Ongoing management plans, studies, assessments in the area of environmental protection to include COVID-19 response and modernize environmental governance
49. (UNEP) Raising public awareness on the importance and value of people living in harmony with nature: biodiversity and health, wild species protection in natural healthy ecosystems, halting deforestation and other environmental degradation.
50. (UNEP) Use existing platforms or develop new ones to map pollution with response to COVID-19 through raising awareness not to side-line environmentally sound regulations in order not have the "bounce back" effect, where environmental degradation will be excused as post-COVID-19 economic recovery.

51. (UNEP) Assistance in developing a Regional strategy for climate resilient infrastructure development, followed with an action plan identifying concrete climate proofing measures including green infrastructure with an emphasis on potential impact on ecosystems, species and human needs as post-COVID-19 response (under the current CLIMAPROOF project for the Western Balkans).
52. (UNEP) Waste and chemicals management response i.e. providing technical expertise on chemicals and hazardous waste management to support Member States and frontline UN partners (UNEP and other partners)
53. (UNEP) Building scientific knowledge on the links between ecosystem stability, the environment and human health, including into zoonotic diseases, for close alignment with the Multilateral Environmental Agreements.
54. (UNEP) Recognition of the importance of the right to a safe and healthy environment, particularly for vulnerable groups and children in the COVID-19 and in post-pandemic context
55. (UNEP) For transformational and green economy, identify and take early actions to address climate change, avoid habitat loss and fragmentation, reduce pollution and improve waste management and infrastructure
56. (UNEP) Investigate how the investments in climate friendly actions will stimulate economies, create employment opportunities and increase resilience to a recurrent zoonotic threat.
57. (UNIDO) Potential services that could be provided are related to assistance in developing: Innovation-friendly policies, regulations and standards, i.e. development the potential of the 4IR technology (Fourth Industrial Revolution Technology), promoting new business models; strategies for strengthening innovation systems; engaging in knowledge-sharing forums; and implementing country level and global data management strategies, to allow stakeholders to assess markets and gain competitive advantage.
58. (UNIDO) Potential services that could be provided are related to assistance in enhancing the digital resilience and competitiveness of the business sector, particularly of MSMEs, particularly those operating in the informal economy, hardly affected by the disruptions caused by the pandemic: developing tailored programmes to assist MSMEs with digital transition; designs e-commerce strategies for digitalization; and

strategizes to encourage innovation including aligning IT systems and support to evolving work requirements, increasing safety and cybersecurity; supports the development of strategies to reduce the gap between the formal and informal sectors, promoting and reducing costs of formalization for SMEs through digitalization and improving their access to finance and training.

59. (UNIDO) Development of upskilling and retooling programmes for tackling gaps in digital skills and under-representation of women in digital industries: expanding suite of digital learning services; building capacities for industrial security and safety, organizational resilience and innovation management; and promoting knowledge sharing on business continuity and recovery.

Support to young people in entrepreneurship and social innovation in response to COVID-19

60. Consider the introduction of distance learning for one school day, as well as defining additional curricula for talented children in various fields;
61. Ensure development of quality digital curricula with a special focus on the 21st century skills (critical thinking, problem solving, digital literacy, teamwork, empathy, etc.);
62. Provide capacity building programs that will support teachers to use digital tools in an effective manner and ensure that their learners develop the skills they need for success at the labour market.
63. Support the continuation of teaching and learning process during the COVID-19 pandemic by introducing new methods and teaching materials for students.
64. Apply the internship model with additional innovation of the approach to reduce youth unemployment.

4: Macroeconomic recovery and regional collaboration

Analysis and Advocacy

Immediate response

Macroeconomic recovery

1. Further assessments will be needed of the economic impact of the pandemic and how it has affected public finances, vulnerable groups and sectors of the economy.

2. Assessing the impact on vulnerable groups. With there likely to be new poor, rising unemployment and exacerbated issues of vulnerability (see section 2).
3. Assessing the impact on the broader tourism sector. This will give an estimate of the overall level of economic contagion in the economy and the severity of the contraction in GDP.
4. As fiscal space becomes ever tighter, there may be a need to reduce expenditures to preserve fiscal sustainability. This should avoid cuts to critical services for the most vulnerable and prioritise scaling back unessential investments with low returns to the investment.
5. There may be opportunities to make savings on current expenditures by improving the efficiency and effectiveness of current Government expenditure programmes creating additional fiscal space.
6. Support to the Government to identify means, possibly through the Investment Development Fund, to provide patient capital and identify sectors/firms in need of support, which can provide productivity growth and future sources of employment.

Medium- to long-term

Macroeconomic recovery

7. Addressing the labour tax wedge which at 40% is one of the highest in the region. A review of the employment tax system may allow Government to maintain revenues at their current level, but enable higher levels of formal employment.
8. Create a more progressive tax system, rather than the current flat rate of 9%. A more progressive tax system would ensure less burden on lower-income groups whilst possibly increasing income tax's contribution to overall tax revenues.
9. (UNECE) Consider options for the greening of the tax system that create stronger incentives for an improved used of natural resources
10. Review Government's recurrent expenditure the public sector wage bill. The authorities aim to reduce employment at the central and local government levels, respectively, by 5 percent and 10 percent by 2020. The limited progress in 2018 underscores the difficulty of these reforms. The authorities should review active labour market policies to transition redundant employees to the private sector.

11. Identify viable sectors which have strong domestic and regional markets to support shortening supply chains.
12. Identify the binding constraints to economic diversification within those sectors and across sectors.
13. Address the skills deficit for moving Montenegro to a higher-skilled, higher productivity economy. Montenegro's economy

Regional collaboration

1. Align with other multilateral and regional processes (Berlin process, Brdo-Brijuni, etc.)
2. Support neighbourly relations through a platform for the leaders in the region (platform can be hosted in UN HQs);
3. Use in a strategic manner existing UN processes at the highest level to foster collaboration between countries in the region (for instance through the High-Level Political Forum, at the GA, HR Council, or inside events);
4. Support to institutions and/or civil society for efforts to address corruption and strengthen the rule of law – including strengthening the National Human Rights Institutions and the Judiciary;
5. Enhance the role of media in promoting peaceful relations and societies and support freedom of the media and its professionalism;
6. Support transparency of institutions.
7. (UNECE) Enhance trade facilitation and provide capacity-building on Single Window and data sharing for the Western Balkans
8. (UNECE) Enhance regional collaboration on addressing environmental challenges and mitigate transboundary risks

5: Social Cohesion and Community Resilience

Immediate response

1. Continue to deploy participatory approach in collecting evidence on community and vulnerable groups needs and identifying the potential response mechanisms and interventions including the ad-hoc effective solutions along the LNOB principles
2. Support citizen engagement in the decision making regarding the design of the recovery plans and measures
3. Involve citizens in new UNDAF formulation
4. Use existing mechanisms and programmes to facilitate public narrative and capacity building on social cohesion and enhance

connectedness among people and promote acceptance of diversity (with youth, women, teachers, media, parents, CSOs, institutions, etc)

5. Continue to support the government in crisis communication and maintaining trust in the Covid-19 related response
6. Offer support to government in guidance on the privacy, data protection and broader human rights dimensions of using digital technologies to combat Covid-19.
7. Continue to work on media literacy programmes, counterfeiting fake news, stigmatisation and misinformation
8. Support Local communities in continuity of services and their adaptation to Covid-19 reality, including mapping and reaching out to most vulnerable groups, as well as strengthening partnerships among service provider/local governments and CSOs.
9. Support the development of local strategic development plans, and explore possibility of including resilience to shocks into the plans
10. Support local resilience through improving good governance, local finance and infrastructural connectedness.
11. Continue to adapt and scale up existing youth engagement and skills building programmes to new reality and Covid-19 related issues
18. Capacities of all actors (CSOs, LSGs) to be strengthened and solutions devised to be systemic, embedded in a local development plans and risk reduction strategies and plans in order to build long terms resilience of communities and the society.
19. Boost local resilience and connectedness by cultural entrepreneurship and community engagement
20. Explore and test innovative local communities' resilience schemes
21. Support cultural entrepreneurship, volunteerism and solidarity
22. Explore targeted crowdfunding and engagement of diaspora
23. Continue support to and partnership with the citizens and civil society organizations in their advocacy efforts, community mobilization activities as well as in service provision for the particular vulnerable groups. (all agencies)

Medium and long-term

12. Support processes of designing and envisioning common future of people of Montenegro
13. Expand number and quality of dialogue and interactions spaces between citizens and government
14. Explore gathering more comprehensive evidence on social cohesion, through robust research
15. Provide advisory services to national and local governments and promotion of community and urban resilience, particularly supporting investments in empowered and resilient community-led response systems, working with and through a wide variety of stakeholders and tailored according to needs and context.
16. Support local actors and communities in the design of community level responses that are gender and conflict-sensitive and strengthen social cohesion, trust and confidence.
17. Support to effectiveness and efficiency of public finance at subnational level will be continue.