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PERMANENT MISSION OF MONTENEGRO TO THE UNITED NATIONS OFFICE AND OTHER INTERNATIONAL
ORGANIZATIONS IN GENEVA
Rue de Lausanne 147, 1202 Geneva

No: 76/OHCHR

The Permanent Mission of Montenegro to the United Nations Office and other International Organizations in Geneva presents its compliments to the Office of the High Commissioner for Human Rights and, in connection to its note of December 17 2010, has the honour to convey the Answers to Questionnaire regarding the Human rights and extreme poverty.

The Permanent Mission of Montenegro to the United Nations Office and other international organizations in Geneva avails itself of this opportunity to renew to the Office of the High Commissioner for Human Rights the assurances of its highest consideration.

11 March, 2011

Office of the High Commissioner for Human Rights
G E N E V A

OHCHR REGISTRY

15 MARS 2011

Recipients :SPD.....
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Government of Montenegro

Answers on the Questionnaire on recent adjustment of public expenditure and the impact on those living in extreme poverty

Answer 1

The main characteristic of the medium-term fiscal scenario for the period 2011 to 2013 for Montenegro is the elimination of deficit in public finances until 2012, and transition to budget surplus of 1.7% GDP in 2013.

As observed in the nominal sums, the increase of the primary revenues from 1.265 million € in 2010 to 1.506 million € in 2013 is planned. Also, an increase in public spending is planned from 1.386 million € in 2010 to 1446 million € in 2013. Projection of the public revenues increase is based on projected rates of the economy recovery, inflation rates in the period, and an elasticity of revenues in relation to GDP growth rates. It is expected that, only in 2013, revenues will reach their level of 2008, when the cyclic component of the revenues was, according to the assessment of the Government, around 6% of the GDP.

As far as the expenditure part of the budget is concerned, in the next three-year period and with the aim of achieving the surplus, a small increase in expenditures is planned, primarily for materials and services, whereas the main expenditure categories such as wages, pensions and social insurance will remain more or less at the present level. The main sources of growth of present expenses were actually the wages in the public sector as well as pensions. Consequently, the Government of Montenegro adopted the whole set of laws that strictly regulate and establish principles and priorities for the employment in the public sector. The main aim is that, in the medium-term, the moderate growth of the current public spending is accomplished, from 1.228 million € to 1.264 million € in 2013, and that, at the same time, the level of government budget sustains at approximately 5% of GDP.

Answer 2

Present public spending for 2011 is planned in the amount of 1.247,33 million € or 39.35 % of GDP which is 1.58% of GDP less than in 2010. In the next three years (2011-2013), the main categories of the expenses (wages, pensions, and social insurance), will remain more or less at the present level (Economic and fiscal program for Montenegro 2010 - 2013).

Answer 3

Law on Social and Child Welfare ("Official Gazette of Republic of Montenegro" no. 78/05) establishes the basic rights in area of social and child welfare. Article 57 of the above Law stipulates that the relevant state authority can set out the higher level of rights, with previously obtained opinion of the state authority in charge of finance. Pursuant to the above provision, the Law does not provide possibility of reducing the scope of rights. Budget of Montenegro for the year 2011 lays down an increase of expenditure for social and child protection. Accordingly, from January 1. 2011. the scope of rights in social and child protection has been increased by 5 percent.

Answer 4

Expenditures for salaries in public health sector as well as in the sector of education are not reduced but in 2011 are approximately at the same level as in 2010.

Answer 5

Improving the business environment and strengthening the activities of small and medium enterprises, as well as maintaining production in large industrial systems, with effects on the activity of companies they are related to, will affect on creation of conditions for new employment and reducing unemployment. (Planned unemployment at the end of the year: 2010=11,6%; 2011=11,1%; 2012=10,3%; 2013=9,2%)

In this period we can expect stronger growth of inflation rate. Although its growth is about 7% higher than one projected for the Euro zone, it is still below the inflation rate which is designed for the economies of Central and Eastern Europe.

Answer 6

In order to establish a sustainable public finances system and a balanced budget, there has been planned increase of the public consumption from the face amount of EUR1.386 billion in 2010, to the face amount of EUR1.446 billion in 2013.

The public consumption in 2013 is anticipated to be at the level of 40.3% of GDP.

Answer 7

Approximately ten social centers with their services all around Montenegro have been open, and in that way secured access to the exercise of rights have been

provided to every citizen of Montenegro. The Law on Social and Child Welfare stipulates the rights in the area of social and child welfare, as well as the conditions for their fulfillment. The conditions principally apply for the personal status of family members and the property and revenue data, as well as for the documents that can be provided shortly, whether *ex officio* (by virtue of the office) or upon the request of the parties concerned. The Article 104 of the above Law prescribes that, in order to provide the fulfillment of the social and child welfare rights, the center on its own shall provide the evidence for any uneducated or person with disabilities, as well as in every other case it considers such procedure more rational and economical. Regarding this issue, there wasn't any reduction of the scope of rights so far because the law provisions (Article 41 and 57) do not provide any legal basis for it. The scope of rights is being determined in accordance with the possibilities of the Montenegro's budget, and its balance with the other revenues that are partly or completely prescribed within the budget, shall not be undermined.

Answer 8

Since there wasn't any reduction of social allowances, there was no need for doing analysis. Considering the system of social welfare, Analysis of System of Social and Child welfare was envisaged by the Program of the work of the Government for the second quarter of 2011 with the aim of considering position in that matter, and proposing measures for improvement of protection.

Answer 9

In terms of the existing economic crisis and the gradual recovery of the economy in 2010, the main goal of fiscal policy is establishing sustainable system of public finances and balanced budget in mid-term. Whereas above mentioned, alternative fiscal policies have not been considered.

Two alternative macroeconomic scenarios are envisaged by Economic and fiscal program for Montenegro for 2010-2013 and according to them, a fiscal one for period 2010-2013. Fiscal projections are based on macroeconomic scenario, which consider faster/slower economy growth from that which is predicted with basic (budget) scenario. Growth rate of 0.5% of GDP and lower level of expenditure is envisaged by Lower fiscal scenario in 2011, so more significant recovery is expected in 2012. Higher fiscal scenario envisaged higher growth rate of GDP, and therefore a higher growth rate of primary incomes. At the same time, on expenditure level growth of current spending and slight growth of capital budget is expected. It is important to stress that all three macroeconomic scenarios in mid-term are expected to achieve recovery of budget and surplus in 2013, naturally with different percents and nominal values.

Alternative fiscal scenarios are presented in EFP, while the Law on Budget of Montenegro for 2011 is adopted on the grounds of basic (budget) scenario.

Answer 10

Article 5 of the Law on Social and Child Welfare (Official Gazette of Republic of Montenegro no 78/05) stipulates that in exercising their right to social and child protection citizens are equal no matter of nationality, race, sex, language, religion, social background or other personal capacity. In the field of social and child protection mechanisms of protection are law enforcement and regular payment of fees based on exercised rights to social and child protection (also see Answer 3).

Answer 11

The introduction of measures to reduce public spending is not preceded by