

II. Roma Poverty and Welfare in Serbia and Montenegro

10. Poverty has many dimensions including income poverty and non-income poverty, with non-income poverty affecting for example an individual's education, labor market and health status as well as a household's housing situation. Both income and non-income dimensions of poverty of the Roma population in Serbia and Montenegro are at the center of this report's analysis. This section assesses income poverty and households characteristics correlated with income poverty, while the next section reviews non-income dimensions.

1. WHO ARE THE ROMA IN SERBIA AND MONTENEGRO?

11. **Identifying Roma households and individuals and assessing the exact Roma population figures is difficult.** This is not just because of the Roma's mobility and recent inflow into Serbia and Montenegro of displaced Roma from Kosovo, chronic non-registration, but also because of failure to report being Roma in the census for reasons of fear of stigmatization. In addition, Roma in Serbia and Montenegro are internally diverse, with various sub-groups and languages. In Kosovo and Montenegro the population is particularly diverse, for example, with distinct Roma, Ashkaelia and Egyptian communities. Moreover, there is the important difference between 'integrated' Roma and those who live in non-permanent settlements and precarious housing¹³.

12. **The Roma population is a large and recently growing minority in both Serbia and Montenegro:** According to the 2002 Serbian census, Roma constituted 1.4 percent of the population (over 108,000 individuals), while estimates by NGOs and international organizations place the Roma population, including settlement Roma, at between 4-6 percent of the population (300-460,000 individuals). Approximately 20,000 Roma, Ahkaelia and Egyptians (RAE) are estimated to live in Montenegro, making up an estimated 3.3 percent of the population. Many RAE in Serbia and Montenegro were displaced from Kosovo in the wake of the armed conflict there. In Montenegro, while 37.7 percent of RAE survey respondents were originally from Montenegro, 58.7 percent were displaced from Kosovo and 3.6 percent were refugees from the other former Yugoslav Republics, most of who had fled because of armed conflict there as well¹⁴. According to UNHCR, an estimated 40,000 to 50,000 RAE were forced to leave Kosovo in 1999, with most of them fleeing to either Serbia or Montenegro¹⁵. In September 2004 UNHCR estimated that there were about 18,000 IDPs living in Montenegro, of which 26 percent were estimated to be RAE¹⁶. In Serbia, the displacement problem may be exacerbated by the recently initiated repatriation to Serbia of Kosovo Roma refugees from Western Europe, with up to 40,000 from Germany alone.

¹³ "Integrated" Roma were captured in the general population living standards survey (SLS) in Serbia, while settlement Roma were surveyed separately through the 2003 SLS Roma booster. While there is no question in the general population survey questionnaire related to ethnicity, some general population respondents identified themselves as Roma to the interviewers and were considered "integrated Roma" (21 households with 81 individuals). While this allows for a direct poverty headcount comparison, the sample of integrated Roma is too small to allow for a representative and disaggregated discussion of individual characteristics associated with poverty, such as education or employment.

¹⁴ Data for Montenegro from Institute for Strategic Studies and Prognoses and United Nations Development Program (2003), *Household Survey of Roma, Ashkaelia and Egyptians, Refugees and Internally Displaced Persons*

¹⁵ UNHCR/UN OCHA (2004) *Analysis of the Situation of Internally Displaced Persons from Kosovo in Serbia and Montenegro: Law and Practice*. A Legal Analysis prepared by the IDP Interagency Working Group.

¹⁶ As presented in ICRC (2005)

Box 2. Registration, documentation and access to social services

Many Roma, Ashkaelia and Egyptians, in particular IDPs, often lack all or part of basic citizenship documents required to access social services. An Oxfam/Argument survey of Roma settlements in Belgrade in 2001 revealed that almost 40 percent of respondents did not have a valid ID card, and almost 55 percent were without a birth certificate and citizenship respectively. There is also anecdotal evidence that many RAE from Kosovo never held registration or identification documents even prior to their displacement. This creates a circular or intergenerational problem: In order to obtain basic citizenship documents, one needs to provide evidence that one was born in Serbia; however, such proof is impossible if the parents were not registered in the first place. The following table indicates the types of documents often missing and their purpose.

Type of Document	General Purpose
Birth Certificate	Registration for school Obtaining citizenship card Key to many other documents
ID Card (Lična Karta)	Proof of residency Access to services Proof of identity
Marriage License	Proof of Marriage Legal rights of married persons
Work Booklet	Proof of work history and qualifications Obtaining new employment Registering at Employment Bureau as unemployed Claiming pension

Moreover, there is no obvious procedure to obtain or update such documents: Analysis conducted by an inter-agency legal working group on IDP issues, convening a number of UN organizations and NGOs, shows that “presently, there is no legal mechanism in place for the chronically unregistered to become registered”. With missing registration representing the primary access barrier to social services, efforts to address poverty and social exclusion of the Roma need to begin with introducing a straightforward procedure to obtain missing documentation.

Sources: UNHCR/UN OCHA (2004) *Analysis of the Situation of Internally Displaced Persons from Kosovo in Serbia and Montenegro: Law and Practice*. A Legal Analysis prepared by the IDP Interagency Working Group; Oxfam and Argument (2001), *The Roma Livelihood in Belgrade Settlements*, Belgrade

13. **The exact magnitude of Roma living in both Serbia and Montenegro is unclear due to chronic non-registration** which excludes many Roma households from public services, in particular IDP Roma. Roma households and communities have for long been under-registered due to both mobility and social exclusion and related limited effort on part of the authorities to develop a full picture of Roma demographics and residence. Even when Roma households have secured citizenship status for some or all household members, their residence in an unregistered settlement without a formal address often exclude them from accessing services. In addition, many internally displaced Roma, Ashkaelia and Egyptians from Kosovo who moved further north in Serbia or into Montenegro have not registered as IDPs but often mingle with the local Roma community predominantly in the urban centers of Belgrade and Podgorica and in unofficial settlements. Roma IDPs also remain unregistered because of missing original documentation such as birth certificates and ID cards. This non-registration locks many Roma households out of the education system as well as social service and humanitarian assistance systems: One cannot register as an IDP without an ID card, and without an address one cannot register for an ID card. Living conditions for many displaced Roma in Serbia and Montenegro are extremely poor, with 72 percent of displaced Roma in Serbia living in poverty compared to 60 percent of the domicile (see Serbia Roma poverty profile presented below).

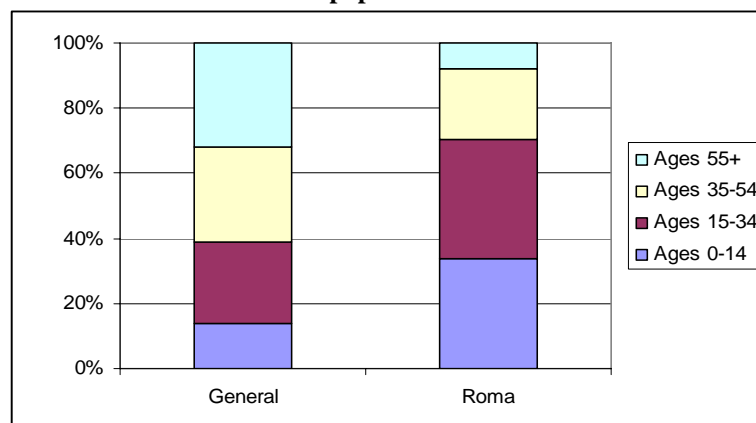
Table 2.1: Roma households residing in settlements in Serbia are significantly larger on average than general population households (persons, in percent)

Household Size	General Population	Roma
1	6.6	1.4
2	18.4	5.6
3	20.5	9.7
4	27.0	18.1
5	11.9	20.2
6	9.7	14.9
7	3.6	12.8
8+	2.6	17.4
Mean household size	3.8	5.5

Source: Own calculations based on Serbia 2003 SLS and Roma Booster

14. **The Roma population is substantially younger than the general population in Serbia and Montenegro:** Survey results suggest significant demographic differences between Roma and non-Roma populations in both Serbia and Montenegro. Roma have larger households than non-Roma, as indicated in Table 2.1. The Roma population in Serbia and Montenegro is also significantly younger than the general population. In both Republics, Roma households have significantly more children than general population households. This is consistent with evidence from other countries in Central and Eastern Europe on an intergenerational poverty trap and points strongly towards the need to focus on improving educational outcomes for Roma to break their poverty cycle. Figure 2.1 summarizes the comparative age distribution for Roma residing in settlements and general population in Serbia, and in particular the striking difference in the share of children below the age of 14 in the populations.

Figure 2.1: The Roma residing in settlements in Serbia are significantly younger than the general population



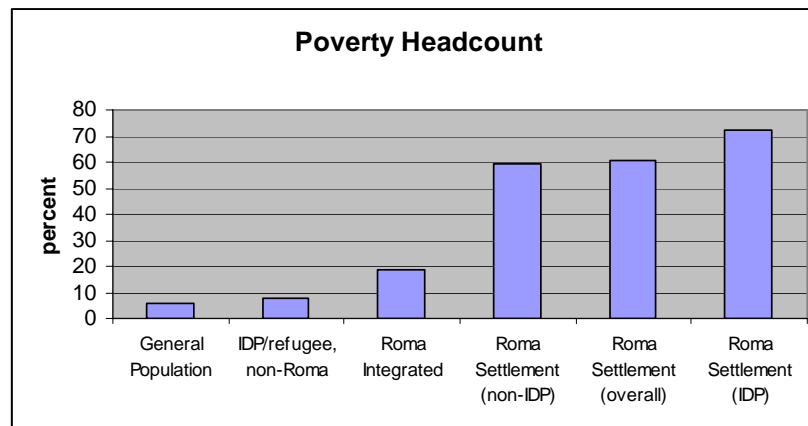
Source: Own calculations based on Serbia 2003 SLS and Roma booster

2. POVERTY PROFILE OF ROMA IN SERBIA

15. **Roma continue to stand out even among Serbia's and Montenegro's poor in terms of exclusion and deprivation.** Figure 2.2 shows how both 'integrated' Roma and those living in settlements stand out from the general population in terms of poverty in Serbia, while Figure 2.3 further below presents the comparative poverty picture for RAE in Montenegro. Most remarkably, Roma poverty for both sub-categories is dramatically higher than that among the non-Roma internally displaced people (IDPs) and refugees. Moreover, internally displaced

settlement Roma are substantially more likely to be poor than non-displaced settlement Roma. There appear to be substantial differences between Serbian Roma residing in precarious settlements and those who are more integrated. Unsurprisingly, ‘integrated Roma’ appear to be significantly less affected by poverty and social exclusion than ‘settlement’ Roma, as Figure 2.2 indicates. However, it is also notable that the risk of poverty among ‘integrated’ Roma is substantially higher than among the general population. This section attempts to develop the profile of comparative poverty and welfare for Roma living in settlements.

Figure 2.2: Roma poverty in Serbia in 2003 stands out



Source: Own calculations based on Serbia SLS 2003 and Roma Booster; for definition of ‘integrated’ Roma and derivation of poverty rate, see footnote 13

16. **The development of the poverty lines and poverty rates in this report follows the methodology used for the 2003 Serbia and Montenegro Poverty Assessment¹⁷.** The Roma booster survey in Serbia was based on the SLS survey and enables comparability between settlement Roma and general population. The analysis for Montenegro uses a household survey with comparable sub-samples for Roma Ashkaelia and Egyptians (RAE), refugees, internally displaced persons and the general population¹⁸. Experience shows that consumption is a better proxy for welfare than income. Therefore, we build the consumption aggregate using current consumption expenditures (minus investment expenditures) as well as the imputed values of in-kind food and non-food consumption based on local prices, however excluding the imputed values for housing/rent.

17. **The Serbia Roma poverty analysis differentiates between the “very poor” and the “extremely poor”, and shows significant differences between Roma and non-Roma.** Based on the consumption data, we develop two different poverty lines for Roma in Serbia¹⁹: The poverty line for the “very poor” and for the “extremely poor”. The “very poor” poverty line is based on the general poverty line, but excludes imputed housing rent. With settlement Roma households likely to be spending significantly less on housing compared to the general population, if anything, their comparative poverty would be overestimated if imputed housing expenditure was included in overall household consumption. The “very poor” poverty line is

¹⁷ World Bank (2003), *Serbia and Montenegro Poverty Assessment*

¹⁸ Note that the poverty rates for Roma and RAE between Serbia and Montenegro cannot be directly compared to each other, as they are based on differently defined samples.

¹⁹ This complements the previously identified poverty lines in the Poverty Assessment: (i) vulnerable poverty line (general poverty line + 50%, no assessment for Roma yet), (ii) general poverty line (assessment for Roma is impossible, as the Roma booster is without housing imputation), (iii) poverty line for the very poor, and (iv) extreme poverty line.

based on a monthly adult equivalent²⁰ consumption of Dinars 3,997 for 2003. Furthermore, we develop a measure of “extreme” poverty by establishing the local cost of a minimum consumption basket which meets key minimum nutritional requirements²¹. This extreme poverty line is based on a monthly adult equivalent consumption of Dinars 1,901. Based on this approach, we establish that 60.5 percent of the Roma population are considered very poor, as compared to 6.1 percent of the general population. Moreover, a significant 9.8 percent of the Roma are extremely poor, compared to negligible 0.2 percent of the general population. In addition to the simple headcount measure of poverty, which does not indicate whether all poor are equally poor, we estimate the poverty gap which reveals how far below the poverty line people are²². The poverty gap for the general population in Serbia is 1.2 percent, while it is 19.3 percent for Roma. Poverty severity, closely related to the poverty gap but giving a higher weight to those further away from the poverty line, is 0.4 percent for the general population and 8.4 percent for Roma. While these results suggest that the depth of poverty among the general population is not profound, the data clearly point towards the existence of high extreme and deep poverty among Roma. What drives these remarkable differences between poverty among Roma and general population households? The remainder of this section presents the detailed poverty profile of the Roma in Serbia.

18. **While the drivers of poverty are similar between the Roma residing in settlements and the general population in Serbia, their correlation appear to be much stronger for Roma than for non-Roma.** For example, educational attainment of the household head reduces the risk of poverty much more for non-Roma households. Roma poverty remains very high irrespective of educational attainments of the households head. Moreover, for both populations employment is a key driver in reducing the risk of poverty, but for Roma households the risk of poverty remains substantial even where the household head is employed. The analysis of Roma employment status in Chapter III shows that Roma employment is mostly informal, part-time or short-term, suggesting lower and infrequent wage income. Table 2.4 also presents the extreme poverty correlates which confirm the main drivers of poverty for Roma. Households residing in slum-type settlements are at a significantly higher risk of being extremely poor, as are large households. Poverty risk is also strongly centered in households in which only Romani language is spoken. Lack of knowledge of the local language reduces an individual’s opportunities in the labor market and undermines Roma children’s educational outcomes. However, it is important to note that, even where Serbian language is the primary language, the risk of poverty remains high. As for the characteristics of the household head, those households are at high risk of poverty whose head has no education, is unemployed, lives on social protection income or is considered unable to work. Lastly, Roma IDPs stand out from within the Roma population in terms of poverty and deprivation. The poverty rate for Roma IDPs stands at 72.1 percent, almost 20 percent higher than the already worryingly high poverty rate of 60 percent among the overall Roma population.

19. **Poverty among Roma households in Serbia appears to have a gender bias and to affect children in particular.** The household size correlates presented in Table 2.2 show that the larger the household, the higher the risk of poverty. This is an important insight, given that Serbia SLS data show that 45 percent of Roma households are larger than 6 persons (see Section III of this report). With household size most often driven by the number of children, this suggests that Roma children are at a particular risk of poverty. Moreover, while there appears to be no gender

²⁰ Adult equivalent is defined as per the OECD scale. See World Bank (2003) for details.

²¹ This follows an approach proposed by Ravallion (1992).

²² Poverty gap and severity is based on the “very poor” poverty lines respectively in both Republics.

bias for poverty among the general population, female-headed Roma household are significantly more at risk of poverty and extreme poverty than male-headed Roma households.

Table 2.2: Main poverty correlates in Serbia (poverty rates, in percent)

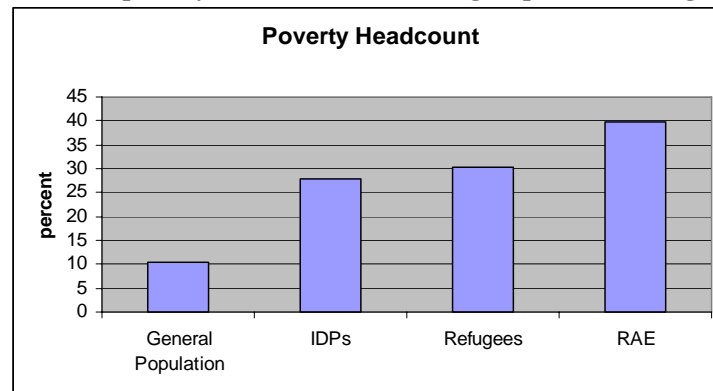
Characteristics of the Household Head	Very Poor		Extremely poor
	Roma	General population	Roma
Total	60.5	6.1	9.8
Type of Settlement			
Slums	75.1	-	21.7
Rural settlements in towns	52.1	-	8.1
Poor rural settlements	60.0	-	4.4
Suburban settlements	54.8	-	4.7
Household size			
1-2	42.8	6.7	2.6
3	43.2	4.0	3.9
4	50.8	3.5	9.9
5	60.1	6.9	10.2
6+	71.0	10.8	12.0
Gender			
Male	58.8	6.1	9.3
Female	73.5	6.1	14.0
Current residential status			
Serbian citizen	59.6	6.0	9.9
IDP or refugee	72.1	7.8	9.0
Education of the Household Head			
No Schooling	79.2	15.8	16.3
Elementary	66.0	9.5	9.7
Vocational (1-2 years)	48.6	0.5	8.0
Vocational (3-4 yrs) or gymnasium	33.0	2.6	0.0
Employment of the Household Head			
Employed	35.6	3.4	4.1
Works, unofficial	60.8	4.5	6.9
Others, working	67.9	8.4	0.0
Unemployed	64.4	8.9	15.3
Pensioners	54.5	7.3	1.9
social protection income	97.8	7.8	15.2
Housewife	87.2	6.4	12.4
Unable to work	85.4	33.6	18.1
Language spoken in Household			
Only Roma	74.7	-	19.2
Only Serbian	57.6	-	0.0
Combination Roma and Serbian	55.4	-	8.5
Other	73.0	-	0.0

Source: Own calculations based on Serbia 2003 SLS and Roma Booster; "Roma" relates to Roma households residing in settlements

20. **Multivariate analysis of Roma poverty in Serbia confirms these findings:** The previous paragraphs presented the univariate analysis of poverty, i.e. how poverty rates differ across households based on single differentiating characteristics such as employment status or educational attainment of the household head. However, often many such characteristics are correlated amongst each other. For example, households headed by an individual with low

educational attainments faces a higher risk of poverty. However, household heads who have low educational attainments may also face a higher probability of being unemployed. And, finally, unemployment status is correlated with a higher probability of being poor. This raises the question whether low educational attainment has a direct impact on poverty risk, or whether its impact channels through the employment status, or whether it is a mixture of both. Multivariate poverty analysis will help answer these questions. For this purpose we run a regression of log adult equivalent consumption on a set of household characteristics on the Serbia dataset. The regression results are presented in detail in Annex 3. Most explanatory variables have their expected signs, albeit with varying significance. Household size and geography (rural) are negatively related to household welfare, with the household size correlation with household poverty being strongly significant. Indicators of unemployment or less than full formal employment are negatively associated with household welfare, with unemployment status, inability to work and receipt of social protection income figuring most strongly and being highly significant. As expected, education is positively related with household welfare, with increasing returns to education status. The type of settlement is positively related with household welfare if the reference is being resident in a slum. The status of being a Roma minority household in the community is more strongly related with household poverty than a majority status. Lastly, any ability of household members to speak languages in addition to Romani is positively related with household welfare and strongly significant.

Figure 2.3: RAE poverty stands out from other groups in Montenegro in 2003



Source: Own calculations based on ISSP 2003

3. POVERTY PROFILE OF ROMA, ASHKAELIA AND EGYPTIANS IN MONTENEGRO

21. Although Roma poverty in Montenegro is high, the analysis indicates less striking diversions in poverty rates between RAE and other vulnerable groups such as refugees and displaced persons. To construct the RAE poverty profile for Montenegro, we replicate the approach presented above: Using the 2003 ISSP dataset for Montenegro which includes the general population, RAE, refugees and internally displaced persons (IDPs), we adjust the previously used poverty line of Euro 116.2 per person per month to Euro 84 by excluding imputed housing rent (using the same approach as for the Serbia dataset). The reason is that the inclusion of imputed rent is expected to overestimate poverty for RAE. This report introduces rates for the “very poor”, compared to the previously identified poverty rates for RAE (previously 52.3 percent) as well as refugees (previously 38.8 percent) and IDPs (previously 38.6 percent). Figure 2.3 and Table 2.3 present the new “very poor” poverty rates for all categories. The poverty rate for RAE is almost 40 percent, ten percentage points above that of refugees, though roughly equal for internally displaced and domicile RAE (39.2 and 40.5 percent respectively). While RAE

poverty in Montenegro does not stand out as much as in Serbia, it is significantly more profound than for the other vulnerable categories and the general population. The poverty gap for RAE is 18.3 percent compared to 10.2 and 7.5 percent for non-RAE refugees and IDPs respectively and 1.9 percent for the general population. Moreover, poverty severity for RAE is 11.5 percent, compared to 4.8 percent for refugees, 2.7 percent for IDPs and 0.7 percent for the general population.

22. **The drivers of poverty in Montenegro are similar across RAE, refugees and IDPs and the general population, while varying in relevance.** Table 2.3 summarizes the main poverty correlates for RAE, Refugees, IDPs and general population in Montenegro. Household size for example is clearly correlated with poverty in all sub samples, and the rates for RAE do not stand out from IDPs and refugee populations. Location of residence is a key correlate of poverty, with residence in the economically more active south of Montenegro being related with lower poverty rates for all captured groups, except RAE whose poverty rates remain well above country average regardless²³. Educational attainments, or the lack thereof, are a key driver of poverty for all groups, but for IDPs and refugees even more so than for RAE. Household size is positively related with the risk of poverty for all groups, although poverty rates by household size are found to be lower for RAE than for IDPs and refugees. The analysis of the correlation of employment characteristics of the household head produces a striking result which shows that employment is significantly less likely to reduce poverty for RAE than for any other group, suggesting that many employed RAE are actually “working poor”, possibly driven by more precarious informal employment.

Table 2.3: Main poverty correlates in Montenegro (Poverty Rate, in percent)

Characteristics of the Household Head	RAE	Refugees	IDPs	General	Montenegro
Total	39.9	30.3	28.0	10.3	12.0
Location					
South	69.7	19.0	10.4	3.7	6.6
Center	28.3	51.7	35.7	10.7	12.6
North	52.3	25.7	37.4	13.8	15.0
Household Size					
1-2	8.4	22.2	10.8	0.0	0.7
3	14.4	20.4	17.1	8.4	9.0
4-5	24.6	29.7	20.6	7.4	8.3
6+	46.7	43.6	59.0	32.0	35.3
Gender of the Household Head					
Male	41.2	27.6	29.7	11.2	12.9
Female	27.4	42.6	20.1	4.3	6.3
Education of the Household Head					
Primary or lower	41.5	64.2	49.6	26.7	30.1
Secondary	30.8	19.6	31.1	11.5	12.5
Higher	N/A	18.4	10.6	N/A	0.6
Employment Status of the Household Head					
Working	33.5	18.7	18.4	4.4	5.6
Job search/unemployed	66.6	61.8	52.5	47.1	50.3
Working age inactive	23.3	59.4	23.0	N/A	4.2
Retired	39.3	23.1	31.8	14.1	14.8

Source: Own calculation based on ISSP 2003

²³ The discrepancy of poverty rates in Southern Montenegro between RAE and other groups has been explained by point to the fact that there are no official collective centers for the displaced in the southern regions, and many RAE families there live in particularly precarious unofficial collective centers which have been covered in the survey.

23. **There are significant differences in the Serbia and Montenegro survey results in terms of comparative poverty rates and profiles between Roma and other vulnerable groups in the population.** In Serbia, poverty of Roma residing in settlements stands out significantly from overall poverty and poverty among IDPs and refugees. In Montenegro, these differences are less pronounced. One possible explanation is that, while the Serbia SLS Roma booster survey explicitly covered settlement Roma which are known to be facing deep poverty and deprivation, and not “integrated” Roma households, the Montenegro survey has not made that explicit distinction and may have covered in particular the latter, less poor group. In order to shed more light onto the issue of comparative poverty and social exclusion in particular, it is useful to also analyze non-income dimensions of poverty which we do in the next section.