



Montenegro

Ministry of Labour and Social Welfare

National Strategy for Employment and Human Resources Development 2016-2020

- Labor market in the European path -

Podgorica, December 2015

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List of Abbreviations

AEP	Active Employment Policies
LFS	Labour Force Survey
GDP	Gross Domestic Product
VET Center	Vocational Education and Training Center
CSW	Center for Social Work
EU	European Union
EC	Examination Centre
	Instrument for Pre-Accession Assistance
IPA	
IDF	Investment and Development Fund
LGUs	Local self-government units
ME	Ministry of Economy
MF	Ministry of Finance
MS	Ministry of Science
MSDT	Ministry of Sustainable Development and Tourism
MES	Ministry of Education and Sport
MARD	Ministry of Agriculture and Rural Development
	Ministry of Labour and Social Welfare
MLSW	
MH	Ministry of Health
	National Qualification Framework
NQF	
NGOs	Non-governmental Organizations
CE	Chamber of Economy
RE	Roma and Egyptians
	Human Resources Development Social Council
HRD	
SC	
AIA	Administration for Inspection Affairs
	Montenegrin Employers Federation
MEF	
	Employment Agency of Montenegro
EAM	

Foreword

Montenegro as a candidate for EU membership is firmly committed to the essential implementation of European values and standards. In this regard, employment must be viewed as a key objective of social and economic development, which directly affects the quality of life of the population.

A new approach to employment policy implies a broader context of observation and implementation of structural reforms, sectorial policies, individual measures, with the aim of removing obstacles and creating conditions for rapid economic growth as the main generator of the employment growth.

National Strategy for Employment and Human Resources Development 2016-2020 represents a sectorial contribution to the removal of obstacles to the economic growth of Montenegro and it is a direct continuation of the strategic framework set by the National Strategy for Employment and Human Resources Development for the period 2012-2015. The reason for this is because the existing strategic framework is based on the inter-sectorial definition of employment policy, which includes measures both on the supply and the demand side, the development objectives of employment and the general development of human resources.

The framework for the preparation of this document is constituted by the key national and European documents: Montenegro Economic Reform Program 2015-2017, Montenegro Development Directions 2015-2018, Employment and Social Policy Reform Program 2015-2020; Europe 2020 Strategy and the revised set of Guidelines for Employment Policies of the Member States in 2015.

PART I: INTRODUCTION

1.1 Results of the Implemented "National Strategy for Employment and Human Resources Development for the period 2012-2015"

National Strategy for Employment and Human Resources Development for the period 2012-2015, adopted by the Government at the end of 2011, constituted a strategic framework for implementing labor market reforms and it was in line with the EU employment policy including the integrated employment policies guidelines that were most recent at the time. The overall aim of the National Strategy for Employment and Human Resources Development for the period 2012-2015 was to raise the level of employment and quality of human resources in Montenegro. The Strategy sets three major priorities, as well as objectives and measures with the aim to address the main challenges at the labor market.

- Within the priority: **increasing employment and reducing the unemployment rate**, objectives and measures were aimed at: stimulating job creation by improving the business environment and labor market management, finding the right balance among flexibility, productivity and security at the labor market, increasing the efficiency of active employment policy measures - with special emphasis on the integration of long-term unemployed persons, unemployed young persons and unemployed women, increasing the self-employment, as well as encouraging entrepreneurship, especially in underdeveloped areas of Montenegro.

- Realization of the objectives within the priority: **improving knowledge, skills and competencies** was foreseen through addressing the following challenges: promoting access and participation of adults in lifelong learning, raising awareness about the importance of lifelong learning, improving the quality of education at all levels and compliance with labor market needs.

- Objectives and measures within the priority: **promotion of social inclusion and poverty reduction** were aimed at: improving the system of social benefits and social services with a view of better orientation and coverage of vulnerable groups, integration into employment of persons with disabilities as well as integration into employment of RAE population, refugees and displaced persons.

Considering that the Strategy was adopted at the end of 2011, practically in the first year of its implementation, after a two year period of economic growth, the economy of Montenegro recorded a decline in activity. Although at the majority of the indicators in 2012 can be noticed convergent movements towards targets, precisely this change of trend influenced at the fact that some indicators are moving in the opposite direction from the one envisaged by the objectives.

Regarding the rate of employment, in relation to 2011, which may be considered as the baseline for the comparison of indicators, progress is evident already in 2012, as the first year of implementation of the Strategy. As Table 1 shows, the employment rate for the aged group 15-64 years increased from 45.9% to 47%, while a similar shift was made in the employment rate of women of the same age, which increased from 40.7% to 41.6%. Within both reference groups a continuous rising trend in the employment rate in the reporting period was recorded, and so this rate for the aged group 15-64 years in 2014 reached a value of 50.4%, and within the female population a level of 45.3%, which suggests that there has been a certain reduction of employment gender gap.

It is evident that due to negative external shocks, the values from 2014 are not at the level of those which were targeted by the Strategy, and that reaching these target values will not come in the final year of its implementation. On the other hand, it must be noted that the target value is primarily the employment rate, but also other basic indicators, which was too ambitiously set. However, ongoing improvements of the employment rates have led to the narrowing of the gap between the baseline and the target level due to the cumulative growth in the employment rate of the total population aged from 15-64 years of 9.8% (4.5 percentage points) and even more significantly cumulative growth of this indicator in the female population of 11.3% (4.6 percentage points). **Considering that the Strategy identifies as one of the priorities increasing the employment rate, these tendencies are in favor of the success of its implementation.**

When it comes to unemployment rate, different trends may be noticed depending on the data source. Viewed according to the Labour Force Survey conducted by MONSTAT and which is internationally comparable, a positive shift is noticed, i.e. decrease in the value of this indicator. **Regardless that the target level of unemployment rate of 15% has not been achieved for the aged group 15-64 years, a continuous fall of this indicator influenced to the fact that its value from almost 20% declines to a level of 18.2%.** On the other hand, unlike survey data which indicate a fall in the unemployment rate, registered unemployment from administrative sources recorded a growth until 2014, when it finally stabilizes at the value of 15%. This high level is almost twice the size of the planned 8%, therefore failure to fulfill the target is more than obvious. However, different movements of the same indicator may be partly justified by the fact that the survey approach records both informal and formal employment, and the administrative approach only the last one, therefore the different direction of movement in terms of unemployment rate is quite possible. It is well known that the specific administrative criteria of recording and different incentives may influence on the size of registered employment, and therefore an advantage should always be given to the unemployment rate derived from the economic criteria, and that is the Labour Force Survey rate.

Also, the unemployment rate of young population (aged 15-24) has not achieved its target value of 28%. The main reason is due to unfavorable movements in the first years of the Strategy implementation when this rate increased above 40%. **However, in 2014 there was a fall in the value of this indicator to the level of 35.8%**, which although quite far from the predicted value, represents reducing youth unemployment rate of 3.5% compared to the base year 2011.

It is anticipated that the target value of the participation of long-term unemployed persons in the total number of unemployed at the end of the implementation period amounts to 55%. However, this ambitious objective could not be achieved in the conditions of global economic crisis, during which inflows into unemployment are further increased and outflows from unemployment are reduced. Negative macroeconomic movements made it hard to find a job for everyone, especially to those who are looking for it for a longer period of time and in times of economic prosperity. **The share of unemployed persons looking for a job for over a year fluctuated around the baseline value of 79.6%, but in 2014 according to the Labour Force Survey data, it nevertheless decreased to 77.5%, which can be assessed as a small positive step in combating long-term unemployment.**

As regards the results of the educational system, there has been an increase in the number of university graduates for the aged group 25-34 years. According to MONSTAT data, **the share of persons with higher education in the total number of persons for this aged group grew from the basic 25.9% to 32.7%, which amounts to in 2014.** The cumulative increase of about 26% indicates that the fulfillment of the target value of 35 % in 2015 is very possible if the positive trend continued from the previous period.

Participation of children enrolled in preschool institutions in relation to the total number of children aged 0-6 years is constantly increasing. The steady growth in the number of newly enrolled children on the one hand and a slight population decline of this age on the other hand, are the main reasons why the objective envisaged by Strategy for 2015 of 30%, was already achieved in 2014. Namely, the mentioned share from the initial 25.1% in the base year of 2011 increased to 31.1% in 2014. In other words, an observed cumulative growth has been achieved of nearly 24%, which could certainly contribute to better combining of family and work responsibilities and thus contributes to reducing the gap in employment between women and men.

Poverty rate in the first year of implementation recorded a significant increase compared to the base year, mainly due to the overall decline of economic activity in 2012, although the objective envisaged by the Strategy of 5% in 2015 is unlikely to be reached, the value of this indicator **in 2013 amounted to 8.6%, which is about 7.5% lower than the base level, so that the shift in this area may be assessed positively.**

Taking into account all the above, it may be concluded that the overall evaluation of the implementation of the Strategy is basically positive. On this occasion, we should bear in mind the fact that the reduction in aggregate demand, both foreign and domestic, to a large extent hampered the realization of planned objectives which were too ambitious and set high. Also, this statement gains importance especially if one takes into account the period of implementation of the strategy and the fact that it was created during the period when, after an initial decline in the rate of economic growth due to the global economic crisis in 2009, positive GDP growth rates of 2.5% and 3.2% were achieved. However, the second wave of the global economic crisis, which in 2012 had already influenced to the fact that Montenegrin economy again recorded a negative rate of economic growth, it had a major negative impact on the achievement of the strategy planned objectives.

Likewise, it is necessary to take into account the limitations of the application of active labor market policy in the period of implementation of the Strategy. Namely, the fiscal constraints, which have arisen due to the economic crisis, significantly reduced the amount of funds for standard active employment measures implemented by the Employment Agency, so in 2012 for this purposes was allocated only €3.575 million, in 2013 €2.775 million, while in 2014 €2.856 million. Therefore, the funds were several times lower compared to the pre-crisis period, when the amount of funds for active measures ranged up to €12.5 million. On the other hand, a new Program of professional training of university graduates has been introduced, but it is only focused on one, no matter how important, of many categories of the unemployed persons who need support of active employment policy.

The recent recovery and return to the track of positive economic growth suggests the improvement in the labor market, which is particularly evident from the trends during 2014, but as this market, as a rule, is slowly recovering from the rest of the economy, it can be expected that the effects of the crisis will be present at Montenegrin labor market during the next period as well.

Table 1 – Indicators of achievement of NSE implementation 2012-2015¹

Indicator from Strategy	Objective	2011	2012	2013	2014
Employment rate (15-64)	60%	45.9%	47%	47.4%	50.4%
Employment rate of women (15-64)	50%	40.7%	41.6%	42.8%	45.3%
Unemployment rate (15-64)	15%	19.9%	19.7%	19.6%	18.2%
Registered unemployment rate	8%	11.6%	13.5%	14.9%	15%
Unemployment rate of young people (15-24)	28%	37.1%	43.7%	41.6%	35.8%
Share of long-term unemployed persons in the total unemployed number	55%	79.6%	79.1%	82.3%	77.5%
Share of self-employed persons in total employment	20%	15.5%	16.1%	14.8%	16.8%

¹ Data Sources: EAM - Annual Performance Report 2011, 2012, 2013 and 2014; MONSTAT - Labour Force Survey 2011, 2012, 2013 and 2014; MONSTAT - Analysis of Poverty in Montenegro 2013. MONSTAT - Data on the number of residents and the number of children enrolled in preschool institutions.

Share of university graduates in the age group of 25-34	35%	25.9%	26.4%	31.3%	32.7%
Number of children enrolled in preschool institutions in the total number of children under 6 years of age	30%	25.1%	26.2%	28.7%	31.1%
Poverty rate	5%	9.3%	11.3%	8.6%	

The most important problem facing the Montenegrin labor market is certainly the low employment rate, which is caused by high unemployment and extremely low rate of activity. Moreover, certain studies² show that an increase in the activity rate would have several times higher positive effects on increasing the employment from the reduction in the unemployment rate. There is an area for such an improvement, considering the fact that Montenegro is a country with one of the lowest activity rates in Europe.

Insufficient dynamics of the labor market, which is characterized by high barriers for entrance, is the main reason for the high unemployment rate in Montenegro, which is contrary to the common opinion that the dismissal due to recessionary tendencies is its main cause. The dismissal certainly plays a significant role, but the number of people in Montenegro who lost their jobs (or voluntarily resigned), is smaller than the number of first-time-job-seekers³. The problem of excessive period of time necessary for first-time job-seekers to find it should also be emphasized. In this group is over 90% of persons seeking the first job for more than a year, and even 75% of those seeking the job for more than two years.

The problem of inactivity is further complicated by the high participation of young people in this category. It is natural that young people are inactive mainly because of education and studying, however, in Montenegro the picture is a little more complex. The percentage of young people who are not employed, neither they are in the process of education nor in the process of training (NEET) amounts to 17%, which is 5% higher than the EU average.

² Rutkowski, J. 2013

³ Rutkowski, J. 2013

1.2 National Strategy for Employment and Human Resources Development 2016-2020

National Strategy for Employment and Human Resources Development 2016-2020 represents a sectorial contribution to the removal of obstacles to the economic growth of Montenegro and it is a direct continuation of the strategic framework set by the National Strategy for Employment and Human Resources Development for the period 2012-2015. The reason for this is because the existing strategic framework is based on the inter-sectorial definition of employment policy, which comprises measures on both the supply and demand side, developmental objectives of employment policy and of general human resources development.

Structurally speaking, the National Strategy for Employment and Human Resources Development 2016-2020 contains four priorities which are closely related and the implementation of each individual priority largely depends on the success of other priorities.

1.2.1 The overall objective of the National Strategy for Employment and Human Resources Development for the period 2016-2020 and its priorities

The overall objective of the strategy is "**Creating optimum conditions for the growth of employment and upgrading human resources in Montenegro**" and for its implementation four priorities are defined.

Creating optimal conditions for the growth of employment and improvement of human resources in Montenegro

Priority 1:
Increasing employment.
Reducing the rate of unemployment

Priority 2:
Efficient functioning of the labor market

Priority 3:
Improving the qualifications and competencies adjusted to labor market needs

Priority 4:
Promoting social inclusion and reducing poverty

The first priority, ***Increasing employment. Reducing the unemployment rate***, refers to the improvement of the business environment, competitiveness increase and strengthening of the macroeconomic stability in order to accelerate economic growth as the main generator of employment growth. It also refers to the active employment policy measures which are aimed toward greater efficiency of the labor market, including strengthening the capacity of the Employment Agency.

The second priority, ***Efficient functioning of the labor market***, refers to the promotion of flexicurity and reducing the rigidity in employment protection legislation, compliance with the European regulation of employment and social policy, as well as encouraging the formalization of informal employment through good steady balance of incentives, prevention and sanctions.

Priority ***Improving the qualifications and competencies adjusted to labor market needs***, refers to the productivity growth and the development of human resources through the improvement of knowledge, skills and competences in order to increase employment opportunities and increase competitiveness through formal education, informal learning and training. Implementation of the strategic objective should contribute to the reduction of the qualification gap (between the current demand on the labor market and knowledge and skills on the supply side of labor).

Priority ***Promoting social inclusion and reducing poverty*** will affect the improvement of social benefits and services of social and child protection, for the purpose of better coverage and activation of vulnerable groups, the integration into education and employment of persons with disabilities, as well as to encourage involvement of members of vulnerable groups in the labor market.

1.2.2: Indicators of Achievement aimed at measuring the implementation of the Strategy

Indicator	Initial value (2014)	Target value (2020)	Data source (2014)
Employment rate (15-64)	50.4%	56%	MONSTAT, LFS
Employment rate of women (15-64)	45.3%	51%	MONSTAT, LFS
Unemployment rate (15-64)	18.2%	14%	MONSTAT, LFS
Unemployment rate of young people (15-24)	35.8%	29%	MONSTAT, LFS
Share of long-term unemployed persons in total unemployment	77.5%	60%	MONSTAT, LFS
Share of university graduates in the age group 25-34	32.7%	40%	MONSTAT LFS
Poverty rate	8.6%	7%	MONSTAT, Analysis of poverty in Montenegro

At-risk-of-poverty rate		20%	MONSTAT, SILC
Registered unemployment rate	14.95%	13.5%	EAM

PART II: ANALYSIS OF CURRENT STATE

2.1. Macroeconomic Context

Period of implementation of the previous Strategy was still marked by the consequences of the global financial crisis that affected Montenegro starting from the last quarter of 2008. The financial crisis primarily affected the developments in the banking sector where it led to a decrease in the credit activity, followed by its full suspension, as well as a significant withdrawal of deposits. As a consequence, there was a decrease in the economic solvency, a decrease of economic activity in nearly all sectors, especially in the sector of industry as well as a decrease in imports. Thus in 2009, Montenegrin economy recorded an actual decline in GDP by 5.7%⁴. Taking appropriate ant-crisis measures in the "real" and financial sectors, but also through the process of privatization of the energy supply sector mitigated the adverse effects of the crisis and enabled the recovery process. Owing to these measures, the Montenegrin economy recorded moderate positive growth rates of 2.5% and 3.3% in 2010 and 2011, respectively.

However, as the global economic crisis turned with some delay into a debt crisis within Europe, recessive tendencies could not be avoided, and thus due to a decline in aggregate demand, both domestic and foreign, in 2012 a negative economic growth rate of about 2.5% was realized, which marked the first year of implementation of the Strategy.

After a short step forward, Montenegrin economy soon got back on the path of positive growth rates, recording a growth of the gross domestic product of almost 3.4% in 2013. All of this influenced to the fact that Montenegrin economy only in 2013 reaches the level of GDP achieved in 2008, which indicates that the double-dip recession since the beginning of economic crisis annulled the economic growth that was achieved in that period. The indicators of activity of "real" sector show that in 2013 compared to 2012 industrial production recorded growth of 10.6%. Retail trade traffic was higher by 11.3%, the value of performed construction works by 9.7%, while the majority of means of transport recorded growth in relation to the comparative period (road, rail). Regardless that the sector of tourism (arrivals and overnights) had a modest growth (3.6 and 2.8%) in 2013, it is important to note that this sector, along with the sector of services, much more successfully coped with the economic and financial crisis compared to processing industry, civil engineering and agriculture. Current account deficit of the balance of payments in 2013 was lower by 17.1% compared to 2012, while 66.5% of the current account deficit was covered by the net inflow of foreign direct investments. The share of foreign trade deficit of goods in GDP in 2013 amounted to 39.9%, and it was reduced by 4.3% compared to 2012.

⁴ According to MONSTAT data.

After the achieved positive progress in 2013, the growth trend continued in 2014. According to MONSTAT data, GDP grew at a “real” rate of 1.5% in the first quarter of 2014, a slower growth of 0.3% was recorded in the second quarter, while a relatively higher growth of 1.3% and 2.6% was achieved in the third and fourth quarter. According to these data, the economic growth rate in 2014 amounted to 1.5%.

The most important influence on the formation of GDP in 2014 came from the sector (1) of Tourism which with related sectors accounts for about 20% of GDP. However, the cumulative indicators of tourist traffic for the period January-October 2014 indicate to a slightly weaker growth of the sector compared to the previous years with an increase of 1.4% for both indicators g-n-g. On the slightly lower growth rates was influenced by the adverse weather conditions in July, when it is achieved an average 25% of revenues; (2) Industry which accounts for about 9.8% of GDP. However, in the period January-October 2014 it recorded a decline of 11% compared to the same period last year, primarily due to the decline in production of electricity. From the viewpoint of sectors, the growth was recorded in the sector of "mining and quarrying" (8.6%), while the decline was recorded in the sectors of "processing industry" (3.3%) and "electricity, gas and water supply" (21.6%); (3) Retail trade traffic which accounts for 12.9% of GDP and which for the first ten months of 2014 recorded a low but stable growth rates. Total traffic (current prices) for the ten months was higher by 2.7% g-n-g. In constant prices, the “real” growth was 4.2%. Although the growth in retail trade traffic does not correspond with the stagnation of wages and pensions, it can be attributed to the growth in the tourism sector, as well as to a slight growth in loans to natural persons.

Price movements in the period January-October 2014 was marked by deflationary trend. The decline in the annual rate of inflation, which started in 2013 continued in 2014, primarily as a result of food prices decline from a high level in 2013, while energy prices during the period recorded mild fluctuations and a slight decline. Deflation is a result of imported inflation combined with weak growth of disposable income. The annual inflation rate, measured by the consumer price index (CPI) in October 2014 amounted to -0.5%. Also, the average rate of inflation for the period January-October amounted to -0.8%.

The banking sector in the first ten months of 2014 preserves stability, although there is still a high share of non-performing loans and an insufficient loan activity of banks. Banking business is characterized by the growth of capital and deposits on an annual level, and the absence of reviving the loan placement due to higher loan risk, as well as weak growth in economic activity. Total deposits in October amounted to €2251.5 mil., which represents a growth of 7.3% compared to the end of 2013, i.e. 7.0% annually. Non-performing loans in October amounted to €398.9 mil. (16.46% of total loans), which is 5.7% lower than at the end of 2013, i.e. 9.1% annually.

During the nine months of 2014, a current account deficit growth of 16.4% was recorded due to increased foreign trade deficit, as well as the decline in surplus in the accounts of primary and secondary incomes. Exports of goods decreased by 10.3% due to reduced production, and therefore the export of electricity and aluminum. The achieved surplus in the services account increased by 5.4% compared to the same period in 2013, as a result of

growth in service revenues of 2.8% as well as a decline in expenditures of 3.5%. The service revenues increased primarily due to the revenues growth achieved in the field of tourism.

In the period January - October 2014, the net inflow of foreign direct investments rose by 12.4% compared to the same period last year. Monthly inflow of foreign direct investments was extremely high in September (€55.6 mil.) and October (€59.4 mil.).

2.2 Population and Activity

The total number of inhabitants in Montenegro has not significantly changed since 2003. Thus, according to the results of the 2003 census, customized to the methodology of the 2011 census, there were 612,267 inhabitants in Montenegro⁵, and according to the 2011 census, there were 620,029. According to the latest data, 64.2% of the population lives in urban areas, while in 2003, the share was 62%. Over the last decades, the most significant trend featuring the demographic landscape of Montenegro is population aging. The average age of population in Montenegro is 37, according to the 2011 census. The data of previous censuses shows that the average age in 2003 was 35.9 years, while in 1991 it was only 32.7 years. The gender-specific structure of population did not significantly change between the last two censuses. According to the 2003 census, the share of women accounted for 50.7%, while in 2011 they constitute 50.6% of the total population.

According to the latest census data (2011), the share of population between 0 to 14 years of age is 19.2% of the total population. The population of the age group (15-64 years) constitutes 68%, while the share of population aged 65 and above is 12.8%. Children from 0-5 years of age, representing preschool children, constitute 7.4% of the total population. The share of primary school age population (6-15 years) constitutes 13.2%, while secondary school age, between 15 and 19 years constitutes 7.1% of the total population.

One of the characteristics of Montenegro is also a lower activity rate. According to the 2014 Labour Force Survey, the average activity rate of the adult population in Montenegro amounted to 52.7%. In respect of the activity rate per regions, in 2014 the activity rate for persons aged 15 and above amounted to 45.2% in the Northern region, 56.8% in the Central region and 53.6% in the Southern region.

The lowest activity rate is among the population from 15 to 24 years of age (29.2% on the average) and among the population between 55 and 64 years of age (43.4% on the average). The activity rate is the highest among the population of higher education, bachelors (graduate students), masters and PhDs (82.4% in 2014), while the lowest rate is among persons without any formal education (10%). There is a distinctive disparity in the gender-specific rates of activity (in 2014, the activity rate for men was 59.5%, and for women 46.2%).

⁵ See press release at:

<http://www.monstat.org/userfiles/file/popis2011/saopstenje/Saop%20uporedno%202003-2011%2026%2011%202012%20PDF.pdf>

According to the Labour Force Survey, the inactivity rate of the adult population amounted to 47.3% in 2014. Pensioners accounted for approximately 40.6% of the inactive population, 25.2% students, while 15.7% of population is inactive due to personal or family reasons. The age group 15-24 has the largest share in the inactive population (26.5%), followed by the group 50-64 (23.5%).

2.3 Labour Market Trends

2.3.1. Trends of Basic Labor Market Indicators in the period 2011-2014

According to data of the Labour Force Survey, conducted by MONSTAT, employment is at a higher level and amounted to 196.000⁶ 2011, while in 2014 there were 216.300 employed persons at the Montenegrin labour market. The annual employment growth rates in the period from 2011 to 2014 amounted to 2.5%, 0.4% and 7.1%, respectively. According to LFS, the employment rate of population in the group of 15-64 years of age in the period concerned was 45.9% for 2011, 47% in 2012, 47.4% in 2013, while in 2014 it amounted to 50.4%.

According to the Employment Agency data, unemployment was constantly increasing in the period 2011-2014. The number of registered unemployed increased from 30,521 in 2011 to 34,687 in 2014, marking the annual growth rates of 2.3%, 10.5% and 0.5% in 2012, 2013 and 2014, respectively.

According to LFS data, there were 48,100 unemployed persons in 2011, while in 2014 the unemployment was slightly lower and amounted to 47,500. According to the aforesaid source, the annual unemployment growth rates for the period concerned amounted to 2.7% (in 2012), -1% (in 2013) and -2.9% (in 2014). As the data shows, according to LFS, the number of unemployed persons in 2014 is about 37% higher than the number of the unemployed according to the register of the Employment Agency.

According to the EAM data, the unemployment rate was constantly increasing until 2014. Thus, the data shows that the rate equaled 11.6% (2011), 13.5% (2012), 14.9% in 2013 and 15% in 2014. The LFS data on unemployment rate is completely different and indicates to a slight but constant decreasing in the value of this indicator. Thus, the rate for the population of the group 15-64 years of age was 19.9% in 2011, 19.7% in 2012, 19.6% in 2013 and finally 18.2% in 2014.

2.3.2. Impact of the Economic Crisis on the Labor Market

The global economic crisis has had a negative impact on the labor market in Montenegro, primarily on the sector of industry. In Montenegro, the crisis did not have a stronger impact on women than on men in terms of losing jobs, considering that their share of the total unemployment decreased from 46.9% in 2009 to 44.9% in 2011, and it increased again to 45.5% in 2014, but still significantly lower than the initial level.

⁶ Population above 15 years of age.

The age-specific unemployment analysis shows that unemployment increased the most among the members of the age group 15-24. Unemployment rate of young people in 2013 increased to 41.6%, representing a growth of about 4.5% compared to the level in 2011. After continuous growth, the unemployment rate for this age group declined drastically in 2014, when it amounted to 35.8%. Similarly, in the first wave of the crisis, there has been an increase in the share of those waiting for employment over a year, which means that the long-term unemployed persons are among those most exposed to the effects of the crisis. However in 2014, there was a reversal of the negative trend and reducing the share of long-term unemployed persons in the total number of unemployed.

Looking at the impact of the crisis on employees in relation to the level of education, it may be concluded that persons with secondary and higher education are the most exposed to the impact of the crisis, which may be explained by the fact that job openings have been reduced, while the number of those who have completed secondary and higher education increased in comparison to the period before the crisis.

Regional disparities in Montenegro were evident even prior to the crisis, so on the one hand the crisis did not have an impact on further deepening of those disparities, but on the other hand it did not come to their reduction.

The negative effects of the crisis in the first years of its occurrence have not reflected considerably on the salaries in Montenegro, considering that average gross and net salaries have been rising. After 2011, there was a decline in both net and gross salaries and the largest cumulative decline in net salaries, speaking of sectors in the period 2012-2014, was recorded in the sector of Agriculture, Forestry and Fisheries (about 20%) and Real Estate Operations (about 17, 4%).

2.3.3. Employment Features

A sector employment analysis indicates a similar pattern as in other transitional economies, where employment in the service sector increases at the expense of employment decreasing in the industry sector. According to the 2010 data, 20% of the total number of employed persons in Montenegro were employed in the industry sector, 6.2% in the agriculture sector and 73.9% in the service sectors, also including the public sector, while in 2014 that structure was even more on the service sector, so 17.6% of the total number of employed persons in Montenegro were employed in the industry sector, 5.7% in the agriculture sector and 76.8%⁷ in the service sectors, also including the public sector. The increase in the number of employees in the service sector was primarily a result of the development of tourism, as well as the growth of economic activity in trade, real estate business and financial services.

⁷ It is important to underline that, in the sector of services, retail and wholesale trades employ the largest number of workers, so that the share of this sector in overall employment equals 23.4%. (in 2001, the share of the sector amounted to 8.9%, and in 2010 22.5%).

Regional disparities constitute one of the characteristics of the labor market. The employment rate of the working population (15+) in 2014 in the Northern region (27.5%) is approximately 15% lower than the average in Montenegro and about 20% lower than in the other two regions. In addition, according to 2014 data, out of the total number of employed persons, 28.2% are employed in the Southern region, 53.7% in the Central and only 18.1% in the Northern region.

The age structure of employees is unfavorable. Thus, the employment rate is the highest for employees of 25 to 49 years of age - 64.9%, while in the case of young people, it is only 18.8%. In addition, according to 2014 data, young people of 15 to 24 years of age accounted for only 7.7% of the total number of employed persons in Montenegro, while the share of age group 55-64 in overall employment is 13.4%.

The gender-specific structure of employees shows that, out of the total number of employed persons, 55% are men, while the remaining 45% are women. At the same time, the employment rate for women is below the average employment rate by around 5 percentage points.

Out of the total number of employees in Montenegro in 2014, 40.7% completed secondary vocational education, which is as much as 10 percentage points less than it was only four years ago. This reduction in the share of employees with secondary education was accompanied by greater representation of those who completed higher education, and so from the level of 18% in 2010 the share of employees with completed higher education rose to 24.7%. If we analyze the employment rates according to the level of education, we conclude that the rate is the highest for those with higher education: 70.5% and the lowest for those who did not go to school, or did not receive elementary education in full. In addition, the employment rate is considerably above the average for those who completed secondary vocational education (56%).

One of the characteristics of the labor market in Montenegro is also a significant number of migrant workers, especially at the time of tourist season. Thus, according to the Employment Agency data, 22,498 foreigners were employed in 2013 and 23,061 in 2014. Most of seasonal workers in 2014 came from the Western Balkans countries, in particular from Serbia (44.6%), Bosnia and Herzegovina (20%) and Macedonia (6.2%), with an emphasis that in recent years, there is an increasing number of employees who come from Russia. Skills shortages have been identified in tourism, hotel and restaurant management and construction industry.

2.3.4. Unemployment Features

The problem of unemployment among young people is one of the predominant issues of overall unemployment in Montenegro. Although in 2014, a significant decline in the unemployment rate of persons aged 15-24 years was achieved, it is still at the high level of 35.8%, while the share of young people in the total unemployment at the level of 19.6%. Additionally, young people represent the only age group whose unemployment rate is: (i)

higher than the average (18.2% in 2014), and (ii) almost double the rate for adults (for the group of 25-64 years of age, -16.2%).

Long-term unemployment also decreased in 2014, but it is still at a rather high level, amounting to 77.5% according to the LFS data and to 55.8% according to the EAM data. The largest share among the long-term unemployed persons pertains to those who have been seeking employment for 1 to 3 years – around one third of the long-term unemployed persons.

Looking at unemployment **per regions**, it is the lowest in the Southern region and the highest in the Northern region. The average unemployment rate for the Southern region is around 6.7%, approximately 13.4% for the Central region (Podgorica itself is about 12.5%), while the average unemployment rate for the Northern region reaches even 39%.

According to the **level of education**, the lowest unemployment share pertains to unemployed persons in the group of those with the education levels being VI, VII or VIII, while the largest share refers to those who have education levels III and IV. The structure of the unemployed persons according to work experience indicates that first-time job seekers constitute one quarter of the total number of unemployed persons in 2014. Among these persons, the largest share refers to those who received secondary education, while the lowest number refers to those with a university degree. Unemployed with work experience is dominated by persons with 20-30 years of service, as well as by those with 10-20 years of service.

One of the positive trends is a decrease in the female share of the overall unemployment, which has been evident in the last couple of years, significantly resulting from job openings especially in the sectors in which women are more active, such as trade, tourism, etc. The highest rate of unemployment is recorded among women with completed primary education (nearly 34%), while the lowest unemployment rate is recorded among women with higher education.

Unemployment is also a feature of vulnerable groups. In Montenegro, those include persons with poor education and a lack of competences for any specific jobs, disabled persons, Roma, Egyptians, refugees and internally displaced persons, the long-term unemployed persons, the unemployed in less developed areas, etc. The growing share of these groups in the overall unemployment is indicative. At the same time, they are in a bad financial situation over a long period, and have little chance to find employment due to lack of skills and are more often dependent on social welfare.

2.3.5. Labour Supply and Demand

Until 2008, the labour market in Montenegro was featured by a relatively high demand due to the economic growth. However, the economic and financial crisis led to a considerable decline in labour demand. Apart from the decrease in demand, it is also evident that the demand structure changed in terms of a decrease in demand within the sectors of trade and industry, while the demand in the sectors of construction, tourism and catering

increased. As for the qualification structure, according to 2014 data, the share of demanded unqualified and semi-qualified workforce of the overall demand was at the level of 60.6%, the demand for secondary school education was reduced to 23.5%, while the demand for higher education amounted to 15.8% of the overall demand.

The overall labour supply in 2014 was increased by 0.5% compared to 2013. The supply of highly educated labour shows a considerable growth trend, which is a consequence of a significant increase in the number of students at higher education institutions. Considering that the trend of growing inflow of graduate university students is expected to continue, it may be expected that the number of unemployed persons with higher education will also increase.

The mismatch between supply and demand is best illustrated by the fact that in 2014, the supply exceeded the demand by 24.6%. At the same time, the supply of low-qualified (non-qualified and semi-qualified) workers was lower than the demand, while the demand for all other levels of education was lower than the supply. The largest number of job vacancies is recorded in the sectors of trade, administrative-auxiliary and service industry, tourism and catering, most frequently seeking secondary vocational education professionals.

2.4. Education

Education system of Montenegro includes preschool education, elementary education, general secondary education (high school), vocational education, education of people with special needs, adult education and higher education. The Ministry of Education is responsible for the entire field of education. The budget allocated for education in 2014 amounted to slightly more than 4% of GDP.

The percentage of children up to 7 years of age included in preschool institutions in Montenegro is constantly on the rise, and in the school year 2013/2014 amounted to 31.1%, which is 6 percentage points higher than three years earlier. In the last year of observing, the growth rate of enrollment in preschool institutions was approximately 7.5% compared to the school year 2012/2013. However, there is a noticeable imbalance among regions, with the lowest coverage of children in the northern region.

The share of children from 6 to 14 years of age attending school, in the overall population of that age, is 99.6% while the rate of completion of elementary school is about 99%. According to the data for the school year 2013/2014, elementary schooling includes 68,310 pupils, while enrollment in the first grade increased compared to the previous year by 3.4%.

The number of pupils enrolled in secondary schools in the school year 2013/2014 was lower by 6.7% compared to the previous year. "Gymnasiums" are attended by 33%, and vocational secondary schools by 67% of secondary school children (of which 16.3% study economics, law and administration, while 15.4% study trade, catering and tourism).

The vocational education and training system in Montenegro comprises programs at three different levels, within which pupils are offered nearly 82 educational profiles: 2 two-year, 35 three-year and around 45 four-year programs. The secondary vocational education infrastructure consists of 26 vocational and 11 mixed schools. Vocational schools currently provide education in 14 occupational sectors.

In the winter semester 2013/2014, higher education institutions in Montenegro were attended by 23,442 students thus constituting a 5.2% increase compared to the winter semester of the previous academic year (the share of female students was 52.9%). Out of this number of students, 90% are full-time students. Also during 2013, in Montenegro, 3,073 students completed undergraduate studies at higher education institutions, i.e. 5.1% more compared to the previous calendar year. Out of the total number of students who completed undergraduate studies at higher education institutions, 58.9% were female and 41.1% male. In the academic year 2014/2015, at the higher education institutions in Montenegro 2,346 students enrolled postgraduate studies, as follows: 1,903 specialist studies, 443 master's studies, and the share of female students is 59%. Reduction in the number of students enrolled in specialist studies compared to the previous academic year was 5.5%. The study programs attracting the largest number of students include economics, law and electrical engineering.

2.5. Poverty and Social Exclusion

According to the MONSTAT data, the overall poverty rate in 2013 declined by 2.7 percentage points compared to the previous year, and it is at a lower level than the one from the base year 2011. In addition, the gap and severity of poverty also decreased in 2013 compared to the previous year by 0.4 and 0.3 percentage points respectively, but they are still higher than the level of the reference year 2011. At the same time, the Gini coefficient⁸ shows a slight reduction of inequality in Montenegro as its value decreased by 0.3 percentage points to 26.2% in 2013, which is a slightly higher level compared to the one recorded in 2011. It is noted that here the word is about Gini coefficient based on an analysis of consumption and that values based on the analysis of income distribution certainly would have been much higher.

In 2013, poverty has decreased in both urban and rural areas. The poverty rate in urban areas in 2013 was 7.9%, compared to 8.1% in 2012, so there was a reduction by 0.2 percentage points. The minimum poverty rate in rural areas was (9.7%) in 2013, compared to 18.1% in 2012. In other words, in 2013 compared to 2012, the poverty rate in rural areas decreased by as much as 8.4 percentage points and amounted to 9.7%. In addition, the rural population has a higher risk of poverty compared to the urban population, while the depth and severity of poverty is greater in urban areas. There is a significant disparity in the extent of poverty between the Southern region and other parts of the country.

⁸ The Gini coefficient is a numerical indicator of the inequality of income distribution in society. The coefficient ranges from 0 to 1. A value of 0 expresses perfect equality (everyone has equal shares of consumption or income), while a value of 1 expresses maximum inequality (only one person has all the income or consumption in the society, all others have nothing).

Poverty rate in Northern region is almost three times higher than the poverty rate in the Southern region. The poverty rate in the Northern region amounted to 10.3% in 2013. There is 25.0% of the population of Montenegro in that region, but as well as 30.1% of all the poor. The poverty rate in the Central region was 10.3%, and in the Southern 3.8%.

Poverty according to the activity status strongly corresponds to the status on the labor market. Unemployed persons (poverty rate of 13.4%) and children up to the age of 15 (poverty rate 13.2%) are at major risk of poverty. Within other inactive persons, the share of the poor is 22.2% and the poverty rate is 10.9% out of the total population (17.5%). The poverty rate among self-employed persons (e.g. engaged in agriculture for their own needs, or running small private businesses) amounted to 9.5%. The lowest poverty rate is among retired persons (5.2%) and employed persons (3.1%)⁹.

The level of education strongly influences on the status of poverty. The poverty rate is lower as the level of education is higher. The highest poverty rate (17.1%) is within persons with completed primary education (99% above average). Persons with completed three-year secondary school are in a better position regarding poverty rate of 5.6%, and the risk of poverty is by 65% higher than average.¹⁰

According to the UNDP 2013 National Report on Human Development, the RAE population, beneficiaries of the rights arising from social and child welfare, long-term unemployed persons, displaced persons and persons with disabilities are in particular socially vulnerable groups, due to poverty and social exclusion. Only 13.81% of Roma and Egyptians children are enrolled in preschool institutions, which is as twice less as the average enrollment rate at the state level (27%). The inclusion of Roma and Egyptians in the formal education system should always be something worth striving for. In 2014, the number of RE children covered by preschool education was 119 in preparatory preschool institutions and about 80 RE children in half-day programs. During 2014/2015 school year, 1,883 RE children attended primary education and that number is tripled compared to the 2001/2002 school year when it amounted to 536 RE children. 81 RE pupils attended secondary education in 2013, while 15 RE students were included in university education.

A similar study from 2009 showed that the rate of social exclusion at the national level amounts to 3.5%. The maximum deviation from the average is recorded among RE population, among which 14.1% of households are socially excluded. Only about 20% of RE population are employed, 36% have not received any education and this group is featured by a high rate of illiteracy (72%).

The rate of social exclusion amounts to 11.9% for the beneficiaries of the rights arising from social and child welfare. Most beneficiaries of the rights arising from social and child welfare are young people (43%), while only 14% are old persons. The employment rate for this group is fairly low and equals 6.5%, while every tenth beneficiary has not received any education.

⁹ Source: Analysis of poverty in Montenegro in 2013 (MONSTAT)

¹⁰ Ibid.

Long-term unemployed persons are also faced with the problem of social exclusion, 10% of the households are socially excluded. Employment is sought for 38 months on average, while one-third of the long-term unemployed persons have been looking for jobs even longer. In addition, 82% of the long-term unemployed persons currently do not attend any training or school. As far as displaced persons are concerned, 8.3% of households in this group are socially excluded. The key problem for displaced persons is their legal status not having been settled, due to which they are not entitled to the access to social services, employment, borrowing, etc.

In respect of persons with disabilities, whose number is estimated at 7-10% of the overall population, it is believed that 5% of households are socially excluded. In relation to this group, the access to quality health care service is in particular assessed as very low.

2.6. Economic Growth and Development of Montenegro in the Context of Advanced European integrations 2016 - 2020

According to the Ministry of Finance data, the macroeconomic projections for the period 2015-2017 predict “real” GDP growth: 3.5% in 2015, 3.8% in 2016 and 4.0% in 2017. In the period 2015-2017, there will be a faster growth of the Montenegrin economy, due to the growth of investment activity and engagement of local potentials, primarily in the sector of construction industry. It is estimated that the implementation of investment projects worth €100 million would have a positive effect on the growth rate of GDP of 1.7-2.0% through direct, indirect and imputed effects. In this period, it is anticipated a strong contribution of the tourism sector and complementary sectors of trade, transport, mining and quarrying, with reliance on agriculture as a factor in the substitution of food imports and increased exports. The average projected growth rate of GDP for the period 2015-2017 amounts to 3.8%.

During this period, the growth of foreign direct investments (investments in companies, banks and real estate) is anticipated, which will on average be around 13.4% of GDP. Such high rates of FDI are based on the implementation of a part of the announced investments in infrastructure, tourism, energy and agriculture. Exports of goods and services will grow at an average rate of 5.1% in the period 2015-2017, with the projected faster growth of export of services (foreign tourist spending) than the growth of export of goods. Growth in export of goods should be enhanced by the recovery in the sector of metal industry, as well as the growth in export of agricultural products and stable production of electricity.

It is predicted that employment will gradually rise throughout the period (average of 1% per year) as a result of economic activity growth. Similarly, the unemployment, measured by the ILO methodology, will gradually decline, from 18.2% in 2014 to 17.2% in 2017, also as a result of economic activity growth, particularly in the sectors of construction industry and mining and quarrying.

After the deflation which was recorded in 2014, we can expect the upward trajectory of the inflation rate, which would amount to 1% in 2015, then 1.5% and 2% at the end of 2017.

On the other hand, the latest IMF projections for the economy of Montenegro cover the whole Strategy implementation period and partially agree with the Government forecasts. Similar to the previous projections, the IMF at the beginning of the next period envisages moderately high rates of growth in “real” GDP of 4.7% in 2015 and 3.6% in 2016. However, in 2017 the growth rate is significantly lower than the projections of the Government and amounts to 2.7%, it is still positive, but continues with a decline in 2018 (1.6%) and then increases again to 2.6% in 2019 and 3.3% in 2020. The projected growth of inflation for this period is slightly moderate, so it is expected that this rate from the level of 0.5% in 2015, with a constant but slow growth, only at the end of the six year period reaches the value of 1.5%.

After the growth of public debt, which should reach its maximum in 2017, it is expected to decline in the further period, primarily due to the recovery in economic activity. This reduction of public debt should make that its share in GDP at the end of the period is at the level of one in 2013. A similar path is envisaged for the current account deficit, which will only after 2017 begin to decline, so as to reach the level of about 17% of GDP in 2020.

PART III: PRIORITIES AND OBJECTIVES

PRIORITY 1: Increasing Employment. Reducing the Rate of Unemployment

This priority relates to the improvement of the business environment, increase of competitiveness and strengthening macroeconomic stability in order to accelerate economic growth as the main generator of employment growth. It also refers to the active employment policy measures which are aimed toward greater efficiency of the labor market, including strengthening the capacities of the Employment Agency.

Objective 1: Stimulating Job Creation and Enhancing Competitiveness by Improving the Business Environment

Current state

During the implementation of the previous Strategy for the period until 2015 there was a significant improvement of the business environment in Montenegro, although many challenges still remain. According to the reference study of the World Bank, *Doing Business*, which is focused on removing obstacles to the opening and growth of private companies, Montenegro progressed from 57th place in 2012 to 36th place in the world in 2015.

When it comes to enhancing the competitiveness, according to the reference study of the World Economic Forum, *Global Competitiveness Index*, in 2014-15 Montenegro was ranked 67th out of 144 countries, which represents a certain improvement in the relative ranking compared to 2012-2013 when it was at the 72nd place, but not the best result to date (e.g. 2010-2011 Montenegro was ranked 49th). However, it is encouraging that the best marks are consistently achieved in the pillars of competitiveness relating to human resources - health and primary education, and higher education and training.

Apart from continuous efforts to improve economic institutions and simplify procedures in business, special additional efforts are made to stimulate investments and employment. This is evident in some important aspects of tax policy. Corporate tax rate of the companies is the lowest in the region, while tax incentives for new investments are particularly high in underdeveloped regions. Regulation on stimulation of direct investments was adopted in early 2015.

In the outline, the obstacles to faster economic growth and it induced employment growth may be classified into two groups. The first group consists of macroeconomic obstacles, such as those in the area of public finances and financial system, and obstacles of horizontal type, such as, primarily, the obstacles in the area of business environment and competitiveness. The second group consists of those which are more sectorial or microeconomic character. Montenegro is facing with key challenges at the macroeconomic level and in other horizontal areas, referring to the fiscal stability and the stability of financial and, in this outline, particularly the banking sector. Besides, further improvements are possible and desirable in the areas relating to the business environment and competitiveness.

Method of Implementing the Strategic Objective

The strategic objective will be implemented by continuous removal of obstacles towards a faster economic growth and private sector development, through the consistent implementation of the Program of economic reforms and a number of strategies with a direct impact on economic growth and social development whose application will proceed in parallel with the implementation of this Strategy.

In order to achieve full macroeconomic stability, it is necessary to strengthen the efforts for fiscal consolidation, accompanied by creating conditions for establishing the trend of decreasing public debt. Although the budget deficit in the immediate coming period will be relatively high due to the construction of a priority section of the highway, it is a key investment that will be valorized by increasing economic growth and employment in the long run. At the same time, its implementation will contribute to the balanced development of the country and a better connection with the countries of the region.

Fiscal stability represents a challenge for Montenegro, not only in the medium but also in the long-term sense. In relation therewith, it will be necessary to reform the pension system, whose key objective should be to reduce the pressures that pension payments represents for the state budget. This would make more room in the budget for investments, which have a key role to increase the economic growth of the country in the long run. The reform of the pension system, given the aging of the population of Montenegro, will be necessary from the standpoint of long-term sustainability of public finances. To the extent that it lengthens the years of service, it will impact positively on employment and activity rates, in particular of the older population.

Although a significant progress was made within the indicator "issuance of building permits", the global ranking on this indicator remained low, 138th place out of 189

countries. Although verified reforms are implemented in the field of reduction of fees for providing utility services, and the abolition of fees to the municipalities for obtaining urban-technical conditions, there is still a significant room for improvement. In this sense, it will be necessary in the forthcoming period to intensify activities on the simplification of procedures and creating and implementing a "one stop shop" for the issuance of building permits in the local self-government units.

Bearing in mind the need to ensure fiscal sustainability of municipalities and, at the same time, the need to improve the investment environment; the construction land development fee, as a key tax levy, will be gradually abolished in the period from 2016 to 2020. Until the abolition of the fee, it will be determined the criteria and limits on its amount, which will make room for municipalities to consolidate and substitute the income. In order to improve finances at the local level, the property tax will be increased, as a tax which has the lowest negative impact on economic growth and employment.

In addition, room for improvement was identified with indicators enforcing contracts (50 of 100 possible points; 136th place). Neither quite complex legislation in some areas, nor its frequent changes are going in contribution to a quality business environment.

Since the adoption of the Action Plan for implementing the recommendations of the "Regulatory Guillotine" in May 2012, ending with the third quarter of 2014, 987 recommendations were implemented, out of a total 1,446 accepted (the degree of implementation was 68.3%). During 2015, the implementation of 172 recommendations is envisaged, while other recommendations will be implemented in 2016 and 2017.

Particular emphasis is on the Investment Development Fund of Montenegro to be more actively engaged in providing various forms of financial and non-financial support directed towards the development of SME sector and entrepreneurship. Two basic credit lines are enabled - through and with bank guarantees and direct loans arrangements, differentiated depending on the forms of organization funds beneficiaries, as well as two special credit lines - for women as business bearers and for young people. General conditions of the loan, which will be valid for the special credit lines, will be more favorable in comparison to the standard credit conditions prescribed by IRF.

Government of Montenegro - Secretariat for development projects in accordance with the Regulation on stimulation of direct investments in the period 2016-2018 will support the implementation of investment projects related to investments in tangible and intangible assets of the business entities with the aim of establishing a new business entity, capacity extension of the existing one or diversification of production. Projects would be supported if they ensure creation of new jobs and contribute to economic and regional development of Montenegro, therefore it is expected that the implementation of the aforementioned Regulation will have positive effects in terms of new employment opportunities, i.e. reducing the unemployment rate.

Objective 2: Increasing the Efficiency of Measures of Active Employment Policy with Special Emphasis on the Integration of Young Persons, Women and Long-Term Unemployed Persons into the Labour Market

Current State

During the implementation of the previous Strategy there have been significant changes in the structure of measures of active employment policy in the way of their implementation. The annual value of standard portfolio of program of EAM was reduced as part of the measures of consolidating the budget at the beginning of the period in order to be stabilized at around € 3 million in 2013. However, in 2013 the Program of Professional Training of University Graduates began to implement inter-departmentally, which engaged three times more resources than any other active programs taken together. It certainly influenced the increase in total expenditures on active programs of labour market in GDP and the major changes in the structure of these expenditures towards final users. While at the beginning of the implementation of the Strategy the share of expenditures on active programs was relatively balanced in relation to the level of education of users, in 2013 and 2014, about four-fifths of all expenditures related to persons with higher education.

Decree on subsidies for the employment of certain categories of unemployed persons which was in several variants in force during the implementation of the previous Strategy, and it is still in force, could be also considered as specific active measure of labour market, which belongs to the category of subsidies to employers to create new jobs.

The Program of Professional Training of University Graduates is developed as a strong response to the growing crisis of youth unemployment, especially highly educated persons without substantial work experience. According to the EAM data, the number of unemployed persons younger than 25 at the end of 2014 amounted to 9 541 or 27.47% of the total number of unemployed persons (34 728), while that share in the same period of 2006 amounted to 20.04%. Primarily due to the impact of the economic crisis, the scope of new employment in recent years was almost twice lower than in pre-crisis period.

In the past few years there is constant growth trend in the number of unemployed university graduates registered in the record of EAM. In the record of EAM at the end of 2006 there were 2 369 university graduates which represented 6% of the total number of unemployed persons (39 480) and at the end of 2014 that share amounted to 29.63% (10 291). At the same time, each year the number of newly registered university graduates (from 4 228 in 2006 to 8003 at the end of 2014), especially those without work experience (from 1 135 in 2006 to 3 266 at the end of 2014), i.e. those who come from the system of regular education.

In the future we should expect further increase in the number of university graduates registered as unemployed for the reason that in recent years the number of high school students who are enrolled in higher education institutions increased (in the academic 2013/14 over 80%). Also, there is increased production from the higher education system, bearing in mind that in the final years of undergraduate studies (III and IV), specialist and

postgraduate there are over 9 000 students, while the number of graduate students is constantly growing (number of graduate students in 2013 comparing to 2006 increased by 64.6%). In the short term, the demand for university graduates remains stable, increasing the gap between supply and demand. However, their chances on the labour market will remain favorable comparing to the persons without higher education.

European Union launched a number of initiatives, such as Initiative for Young Persons and the Guarantee for Young Persons, which in the Member States provide additional funding for the measures for young persons, thus it is necessary for the countries in the pre-accession process to provide the support to youth employment, because bringing young persons into the category of long-term unemployed persons can have long-term consequences for each economy. Therefore, it is important to act in several directions: facilitate the transition from the education system to the labour market, through the development and promotion of apprenticeship and training, but also ensuring the alignment of educational programs with real needs of the labour market.

When it comes to active employment measures aimed at women, relatively small number of programs is exclusively intended to this target group, and they are mostly focused on promotion of the entrepreneurship among women in less developed and rural areas. However, women's participation in active employment measures in this period remained proportionally higher than the participation of men, which likely at least to some extent contributed to reduction of the gap in employment rates between men and women.

Long-term unemployment decreased slightly in 2014, but it is still at very high level of 77.5% according to LFS and 55.8% according to the EAM. Persons who seek the job from 1 to 3 years constitute the highest participation among the long-term unemployed persons, more than a third. The reduction of funds for standard programs of EAM certainly influenced the slower reduction of long-term unemployment, although the main causes are primarily of structural (mismatch between supply and demand) and institutional nature.

Method of Implementing the Strategic Objective

It is necessary to further improve the work of the EAM in the domain of its mediatory - advisory functions, including information, counseling, employment mediation, and working with employers. It is especially important to establish a system for monitoring the program execution and implementation of process evaluations and evaluations of the net impacts, which have not been done yet, and represent an irreplaceable source of information about the real effectiveness and efficiency of the programs of the active employment policy.

In terms of financial resources it will be required maintaining or slightly increasing the existing total funds for active labour market programs with restructuring of program portfolio. It is necessary to gradually rationalize programs of professional training. In parallel, it should increase funding for programs which are intended for long-term unemployed persons and vulnerable groups in order to achieve better balance between the objectives of encouraging the efficiency and encouraging inclusion and greater equity in the labour market.

As part of the harmonization with European practice, it is necessary to establish guarantees for young persons through the consolidation of existing programs and possibly introducing new programs in order to provide substantial offer of employment or training for every unemployed young person before the expiry of six months from registering at the EAM.

Objective 3: Achievement of Higher Employment in Undeveloped Areas of Montenegro

Current State

Highlighted regional disparities in employment and unemployment levels are the result of uneven development of the three geographic regions in Montenegro (Northern, Central and Southern). The differences are particularly expressed when it comes to the Northern region, which occupies 52.8% of the territory of Montenegro, and one-third of its population. According to the annual LFS data from 2014, the employment rate in the northern region for the 15+ population was 27.5%, which is far below the average at the national level (43.2%). The employment rate in the Northern region, according to data from the Labour Force Survey in the pre-crisis 2008 for the population of the age group 15-64 amounted to 81.6% of Montenegrin average, while for 2013 amounted to 62.2% of the average. Similar situation exists with the unemployment rate. In 2008 was 46.4 index points higher than the average unemployment rate, while in 2013 the difference was doubled (index 208).

Implementation of Regional Development Strategy of Montenegro in the period 2010-2014 was predominantly focused on the contribution to more balanced regional development through the investment in infrastructure, and to a lesser extent on the strengthening of human resources and the competitiveness and innovation. In this sense, the implementation of the Regional Development Strategy of Montenegro in the previous period has not contributed to the reduction of unemployment, as one of the main indicators of development, and considering the conditions of the period of implementation it is positive that the deepening of regional disparities is prevented. However, previous one contributed to the increase in the level of development and competitiveness in several municipalities of the Northern region, which is reflected in the increasing the number of small and medium sized enterprises and entrepreneurs, increase of salaries and budget revenues of LGUs, increasing the participation of educated population in the total population, especially in the north. With the intensification of work on the implementation of the Regional Development Strategy in the coming period we can expect the turnaround in terms of improving labour market indicators in the Northern region.

Method of Implementing the Strategic Objective

By the end of 2020, to achieve the strategic objective of regional development of Montenegro, which is to achieve more balanced socio-economic development of all local self-governments units and regions, based on competitiveness, innovation and employment, it is necessary, in parallel to investment in basic infrastructure, to implement a number of measures relating to raising the level of competitiveness of the less developed region, as well as the strengthening of human resources and employment.

In this regard, there is a need for improving the coordination in the implementation of regional development policy and strengthening of inter-municipal cooperation as important for the implementation of development projects at the regional level, particularly in the Northern region. Improvement of the system of monitoring the implementation of the Regional Development Strategy, as well as the development of statistical indicators at the regional level, particularly GDP, would have a significant role. Also, an important role will have the implementation of key capital projects of which the most important is highway Bar-Boljare, and in parallel, further improvement of the business environment, considering the introduction of potential tax reliefs and development of incentive system in the Northern region to increase investment in the region (particularly in the areas of tourism, agriculture, energetics and wood processing). This is in order to increase additional value in production and job creation, bearing in mind that unemployment is one of the key elements of the lower level of development of the North. The above-mentioned goes with the improvement of other elements of competitiveness and regional development, especially the Northern region, primarily in the field of education in line with labour market needs, strengthening the cooperation between public and private sector, as well as the support the development of SMEs in the agriculture, tourism, wood processing, energetics by supporting the development of SMEs (such as networking of SMEs into clusters, support for introducing the international business standards, increasing additional value in production, export promotion, etc.). Also, it is necessary in the coming period to strengthen the absorptive capacity of local self-government units, the central government as well as the economy, in order to achieve higher percentage of use of resources of EU funds for the implementation of development projects.

PRIORITY 2: Efficient Functioning of the Labour Market

This new priority relates to the promotion of flexicurity and reduction of rigidities in legislative employment protection, compliance with the European regulation of employment policy and social policy „, as well as encouraging the formalization of non-formal employment through steady balance of incentives, prevention and sanctions.

In terms of the legislative framework, the area of labour market and employment is governed by a set of laws covering: labour law, social dialogue, protection of workers in the event of unemployment, companies, peaceful settlement of labour disputes, health and safety at work, employment and unemployment insurance, professional rehabilitation and employment of persons with disabilities, employment and work of foreigners in Montenegro. On the whole, the legislative framework has been significantly redesigned with the goal of greater harmonization with EU standards. Further harmonization process will be in accordance with the negotiations related to Chapter 19 - Social Policy and Employment and Action Plan for this chapter adopted by the Government in March 2015.

Institutionally, the labour market is primarily "covered" by the Ministry of Labour and Social Welfare, Employment Agency, Labour Fund, Agency for Peaceful Settlement of Labour Disputes, Administration for Inspection Affairs (Inspection for labour and health and safety at

work), while the tripartite social dialogue takes place in the Social Council of Montenegro and local social councils.

Objective 1: Compliance with the European Regulation of Employment Policy and Social Policy

Current State Assessment

European integration is one of the most important aspects in the area of employment policy and human resources development. Two chapters that are directly related to this area are Chapter 2 - Free Movement of Workers and Chapter 19 - Employment and Social Policy.

Free movement of workers is one of four fundamental freedoms of the EU, integral part of the policy of the single market and a central element of its success: it promotes economic development by allowing people to travel, work and shop across the border. It also contributes to the development of the economies of the Member States as it allows merging of skills and job vacancies on the EU labour market through EURES. EURES (European Employment Service) is a network of Public Employment Services of the Member States of the European Economic Area which includes 28 EU member states as well as Norway, Liechtenstein, Iceland and Switzerland. EURES network was launched in 1993 and is the instrument to improve the mobility, i.e. spatial and professional mobility of labour force on the European labour market. EAM formed Department for EURES and international mediation in order to achieve full harmonization of its work methodology with work methodologies of Public Employment Services of the EU.

The area of free movement of workers is related to all branches of social security, such as health insurance, pension insurance, unemployment insurance and the rights to family benefits. The existing regulation of unemployment benefits on the basis of unemployment insurance is not fully compliant with the European practice in this field.

Chapter 19 - Employment and Social Policy deals with the labour law, health and safety at work and equal treatment of men and women in terms of employment and social security and the development of social dialogue. In this chapter initial measuring instrument is filled with the adoption of the Action Plan for gradual alignment of EU acquis and necessary capacity building for the implementation and enforcement of EU acquis.

Method of Implementing the Strategic Objective

It must be noted that complete harmonization in Chapter II is largely expected in the coming period, i.e. the period before the accession. This refers in particular to EURES - network of Public Employment Services of the Member States. Montenegro should start using the EURES at the moment when it becomes an EU member, but the preparations for the introduction of this system have already started and will be intensified during implementation of the Strategy. With Montenegro's accession to the EU the free movement

of workers will become a reality, i.e. the possibility that EU workers can be employed in the territory of Montenegro without work permit and vice versa.

Action Plan for Chapter 19 Social Policy and Employment and MPA foresees the adoption of the new Labour Law for the fourth quarter of 2017, in order to comply with EU acquis and standards of the International Labour Organization.

When it comes to changes in the Law on Employment and exercising rights arising from unemployment insurance, it is necessary to prepare amendments that would, to some extent link the amount of compensation to the amount of previous insurance payments, and therefore enable the maintenance of the minimum level of living standard for users while receiving the compensation.

Objective 2: Promoting Flexicurity and Reducing Rigidities in Legislative Employment Protection

Current State

Flexicurity is based on job security rather than the security of the workplace. It implies a moderate level of employment protection, with broad opportunities to participate in active labour market programs, good access to lifelong learning programs, as well as full access to social protection, including unemployment benefits, during the period while the person is in the position between two jobs and actively seeks employment. At various points in this Strategy are discussed and addressed aspects of the development and application of the concept of flexicurity in Montenegro. Within this objective, the Strategy seeks to optimize the relationship between flexibility and security through the adjustments in the labour legislation.

Labour Law has been in force since August 2008, with certain amendments in 2011, 2012 and 2014. It defines the rights and obligations of both employees and employers concerning labour related obligations and rights. The general assessment is that the Law provides basically a good balance in terms of the relationship between flexibility and security, although the improvements are needed in some of its provisions.

However, in addition to the Labour Law in Montenegro is in force General Collective Agreement. General Collective Agreement which was once again concluded on March 20th of 2014 in the tripartite social dialogue were further elaborated certain provisions of the Labour Law. Thus Labour Law and General Collective Agreement constitute a whole and must be considered together. According to analyzes of the World Bank, some provisions of the General Collective Agreement further raise rigidities of labour market regulation, particularly by creating a duality on the market through additional protection and increased rights of workers with employment contracts for indefinite period.

Method of Implementing the Strategic Objective

Given that the scope of the General Collective Agreement in Montenegro is too broad and that some of its provisions affect the balance between the interests of employers, employees and the public interest, it is intended that in the future such provisions of the General Collective agreements become an integral part of the Labour Law. This is especially important if one knows that the General Collective Agreement is time framed for two years and that frequent changes in regulations could adversely affect the growth and the employment.

For the purpose of full defining of rights and obligations of employees by one consistent legal solution in which the rights and obligations of employers and employees are balanced in line with EU and ILO standards, but also aligned with economic reality of the country, it is necessary to consider the possibility that the provisions of the General Collective Agreement of labour and legal character in future become an integral part of the Labour Law.

Since the adoption of the Labour Law covers not only compliance with the EU acquis and standards of the ILO, but also the harmonization within the framework of social dialogue with social partners, at the time of adoption of the Strategy it cannot be prejudged its specific content.

Objective 3: Encouraging the Formalization of Non-Formal Employment

Current State

Non-formal employment or "unreported employment" as parallel (or complementary) activity to formal employment is present in both the developed and the undeveloped world, i.e. this phenomenon is a global problem.

High level of non-formal employment in Montenegro is the result of two-decade process of transition in which little attention is paid to combating this phenomenon.

According to the findings of Research conducted for the purpose of the "Report on Human Development – Non-formal economy: overcoming exclusion and marginalization" in Montenegro in 2014 one-fifth (22.3%) of the total number of employees were non-formally employed, while for one-sixth (10.3%) of formal employees was paid only a portion of the taxes and contributions (part of the salary as "cash in hand" payment). This means that the total share of those who fully or partially non-formally work (fully or partially included in non-formal economy) is at the level of about one-third (32.7%) of the total number of employees. The most common forms of undeclared work relate to the work without entering into formal employment and are related to the seasonal character of the Montenegrin economy, including the illegal employment of foreigners (failure to register or improper registration) and the payment of salary or part of salary as "cash in hand", as well as any other forms of undeclared work.

Non-formal employment is mostly represented in trade, construction, tourism and catering, craft and industrial plants of medium and small sized enterprises, companies engaged in providing the protection of property and persons, i.e. those jobs that are seasonal.

Young persons, regardless of qualification and diploma they have, unqualified workers and elderly unemployed persons are mostly subject to non-formal employment, who lost their jobs in the process of transition, even the pensioners.

The main causes of expressed non-formal employment are: inflexibility of the labour market, high unemployment rate, low profit margin, high tax burden on employers, but also in the overall culture of non-formal business developed over the last decades.

Method of Implementing the Strategic Objective

Comprehensive approach to this problem is not possible without a fundamental analysis of the situation and collecting relevant data for measuring non-formal employment and the range of measures needs to be well measured balance between incentive, preventive and punitive measures. Since the incentive measures are mainly related to the creation of more favorable business environment and the creation of tax incentives and other incentives for formalization, which are in responsibility of other sectorial policies, here will be the emphasis on preventive and punitive measures with special emphasis on strengthening the Labour Inspection, both in human resources, as well as professional training.

PRIORITY 3: Improving the Qualifications and Competencies Adjusted to Labour Market Needs

This priority relates to productivity growth and the development of human resources through the improvement of knowledge, skills and competences in order to increase employment opportunities and increase competitiveness through formal education, non-formal learning and training. Implementation of the strategic objective should contribute to the reduction of the qualification gap (between the current demand on the labour market and knowledge and skills on the side of labour supply).

Objective 1: Promoting Access and Participation of Adults in Lifelong Learning

Current State

The challenges of rapid development of new knowledge and technologies, process of globalization, demographic trends, frequent changes in the needs of the labour market, growing tendency for highly qualified labour force and Montenegro's accession to the European Union impose the necessity of lifelong learning and the establishment of flexible, open, walkable education system, which will offer to all individuals the variety of opportunities for education, promotion and recognition of previously acquired knowledge of education system, in which in addition to acquiring qualifications in formal education, every individual will be able to acquire and evaluate his/her acquired knowledge and skills and thus improve his/her position in the labour market. In all strategic documents in the

field of education, including vocational education, the education in Montenegro is based on the concept of lifelong learning because the lifelong learning is a need of modern man.

Lifelong learning is considered a key factor of economic and social and individual development, as well as one of the central principles of EU policy. Among the priority goals of the document "Resolution on a strategic framework for cooperation in Europe in the Education and Training 2020" (*Education and Training 2020*) are lifelong learning and mobility. This resolution was signed by EU member states, and it also served as a basis for drafting the Strategy for Adult Education in Montenegro (2015-2025), which was in September 2014 adopted by the Government of Montenegro. According to these documents, the participation of adults in lifelong learning by 2020 should be at least 15%.

MONSTAT data relating to the percentage participation of Montenegrin citizens aged 25-64 in lifelong learning programs, which in 2010 amounted to 2.40%, in 2011 2.80%, 2012 2.50% and in 2013 3.10% clearly indicates that it is necessary to further work on strengthening the lifelong learning, both in terms of promotion and practical implementation, in order to increase the participation of adults in lifelong learning programs.

For the implementation of the concept of lifelong learning for different target groups it is very important Law on National Vocational Qualifications adopted in 2008. The Law on National Vocational Qualifications creates the possibility of recognition of knowledge, skills and competences of individuals, regardless of the manner of their acquisition, as well as the need to make the education system more flexible in order to quickly respond to the needs of the labour market.

Method of Implementing the Strategic Objective

One of the key measures is to promote lifelong learning through a gradual acquiring of qualifications and appreciation of acquired knowledge, skills and competencies, i.e. the recognition of non-formally and informally acquired knowledge in further education. It is also necessary to enrich the educational offer with programs of different types, so that education and learning would be available to many citizens.

In support of lifelong learning, the educational programs of vocational education should be more modularized, which allows the drop-outs to acquire specific professional qualification in case they successfully completed the modules prescribed by the program. It is also possible for adult learners, who can acquire diplomas and level qualifications gradually, by completing specific modules. It is also necessary to perform the modularization of educational programs, with a view to gradual acquiring of professional qualifications, i.e. the acquisition of part of professional qualification.

Objective 2: Improving the Quality of Education at All Levels and Compliance with Labour Market Needs

Current State

In the previous period, in Montenegro, there were restructuring of the economy and foreign investment in certain sectors, but also a new technological environment and the development of information technology. On the other hand, there is a tendency of the increase of the interest of pupils and students for enrollment in programs that belong to social sciences and the decline of interest for enrollment in the programs required by the labour market. Increasing number of pupils who complete educational programs in four years duration continue higher education. Employers increasingly point to the mismatch of skills and knowledge that students acquire in educational system with those required by the labour market. According to data of the EAM, there is structural imbalance between supply and demand in two basic forms: there is demand for labour force of specific qualifications that does not exist on the labour market and on the labour market there is a supply of persons with qualifications, but there is not enough demand for labour force of these qualifications .

The challenges of vocational education in Montenegro are: how to overcome the structural mismatch between supply and demand of labour force and how to ensure the quality, attractiveness and efficiency in education. In order for education to properly and timely respond to the needs of labour market and society as a whole, the key step is the anticipation of needs for skills and qualifications. In accordance with established needs for skills, the educational system should enable individuals through initial and continuing education adequate educational offer, to acquire necessary skills and key competences.

Labour Force Survey shows that of the total number of employees in Montenegro about 28% have college or university education, while 65% of employees have secondary education. Nearly half of people with higher education work as professionals (48%) and approximately one in four as associate or technician (25%). Only 3% of highly educated persons perform jobs for which they are overqualified (craftsmen, qualified workers, etc.). Persons with secondary education are mainly employed in the service industry and trade (35%), as professional associates or technicians (15%) or as civil servants (14%). Persons without professional qualifications (uncompleted or completed primary school) are employed on simpler jobs (29%) or in positions of qualified worker in agriculture and fishery (29%). It is evident that the largest growth of unemployed persons is recorded among those who acquired higher education, i.e. with qualifications placed in the VI, VII1, VII2 and VIII reference level of the National Qualifications Framework.

Admission policy in Montenegro is characterized by a lack of quality cooperation between key stakeholders, i.e. the institutions of higher education, ministries, EAM, employers and other relevant institutions. Existing cooperation is more formal, rather than substantive. In sectors of agriculture, electronics, energetics, partly tourism and construction – the mechanisms for the popularization of study programs in these areas have not been set up yet.

There is a lack of greater involvement of employers in the process of adoption of study programs and not enough attention is paid to the importance of practical education that students need to acquire in cooperation with the employers. Employer Survey 2013/2014, conducted by the EAM has shown that in Montenegro even one-third of employers believe

that the biggest disadvantage of the system of higher education is a lack of practical teaching. Also, the majority of employers believe that it is necessary to increase the number of courses that offer practical knowledge. Currently, very few institutions of higher education provide students with practical and creative teaching, which has resulted in insufficient capacity of students to use acquired knowledge to solve practical problems in the economy and to start their own business.

Dynamic changes in the labour market are still not properly accompanied by the development of so-called soft skills, whether in formal or non-formal education. There is a lack of researches in order to better predict the needs for skills in the labour market and, consequently, the development of qualifications based on learning results and incentives for lifelong learning through additional trainings.

Method of Implementing the Strategic Objective

In order to achieve greater harmonization of the education system with labour market needs it is necessary to adjust educational programs with the National Qualifications Framework, to establish a system for monitoring persons after completion of educational, i.e. study program as well as programs of education and to promote education and training for deficient occupations in the labour market.

Quality assurance must be accompanied by further training and education of all employees in educational activity, in order to be able to monitor and apply European standards in quality assurance, with the establishment of good mechanisms for governance, administration and education statistics.

In order to strengthen the system of continuous monitoring and evaluation of the quality of the education system, there is evident need to improve the capacity of institutions and individuals involved in the process of external evaluation of quality up to the level of higher education as well as improving the capacity of institutions to conduct internal quality assurance mechanisms and revision of the documents according to which the procedures for internal and external evaluation are implemented. Also, the analysis of utility, functionality and applicability of the content of educational programs and education programs, will be part of the process of strengthening the monitoring and the evaluation.

When it comes to development of qualifications based on learning results appropriate to labour market needs, in accordance with the principles of the National Qualifications Framework it is necessary to strengthen the capacity of sectoral committees that propose the development of new or the revision of existing qualifications on the basis of labour market needs and to invest in the modernization of the software application of website of Montenegrin Qualifications Framework (NQF), in terms of better visibility of the database. Intensifying the promotion of NQF, its significance and opportunities for all partners (especially employers) to actively participate in the creation of the necessary qualifications and educational offer. Also, additional efforts are needed for the establishment and improvement of career counseling at all levels of education in educational institutions, the implementation of training programs for career counselors, establishing a system of

monitoring and evaluation of career centers through surveys among users and created database and the promotion of services of career centers (promo campaigns, "Meetings with parents", media). An important segment is also strengthening the capacity of educational institutions to use ERASMUS+ EU program through training programs and the cooperation with ERASMUS+ office.

In order to establish a monitoring system it is necessary to establish alumni networks in institutions of secondary and higher education, the establishment of databases through existing information system and the establishment of teams for the preparation of studies for monitoring the school and university graduates in educational institutions.

It is also necessary to focus certain activities on the promotion of education and training for deficient occupations in the labour market. In this sense, there is a need to increase the financial capacities of the Scholarship fund for students who are being educated for deficient qualifications and the involvement of employers in its work as well as the possibility of taking over the payment of taxes and contributions for each new employee (under the age of 30) after graduating in the field of deficient occupations for the period of 2 years. In addition, the attention should be focused on supporting further introduction of entrepreneurial learning at all levels of education and the training of teachers for teaching in this field and improving the quality of implementation of practical education at the employers.

The problem of the seasonal character of certain professions is major demotivating factor during the choice of occupation and secondary school enrollment, therefore the tourism and hospitality occupations are deficient for years. It is necessary to design a program of attracting larger number of pupils, through the improvement of the image and the popularization of professional activities, and raising the reputation and positive perception of these occupations. Lack of capacity for realization of practical teaching for pupils and students occurs as a problem, due to the seasonality of work of tourism and hospitality facilities. It is important further improvement of professional occupations (for example, culinary colleges, sommeliers) and advancement and lifelong learning. It is necessary to introduce new courses in secondary vocational schools in the field of tourism and lifelong learning programs such as: tourist animator, food designers, organizer of wellness, etc. It is necessary greater representation of the teaching of foreign languages in the curriculum, both in number of hours, as well as increased number of languages due to the demands of the profession.

PRIORITY 4: Promoting Social Inclusion and Reducing Poverty

Within this Priority it will be influenced on the improvement of social benefits and social and child protection system for the purpose of better coverage and activation of vulnerable groups, the integration in the education and employment of persons with disabilities, and on the encouragement of involvement of vulnerable groups in the labour market.

Objective 1: Improvement of Social Inclusion and Social and Child Protection System

Current State

The existing network of institutions and the level of development of services in local communities in Montenegro does not allow users in the social and child protection system to use services in the immediate environment. This primarily refers to the services that support the stay of users in the family environment: living rooms and clubs for the elderly, shelters and shelter stations, shelters for victims of abuse and human trafficking, facilities for temporary accommodation of elderly, housing with support for adults with disabilities and children and young persons without parental care upon termination of the accommodation. Great progress has been made in terms of day-care centers for children with disabilities which are organized in nine municipalities.

The decentralization of social and child protection system, which is defined as one of the main strategic directions of development of Montenegro, involves bringing other stakeholders, apart from the state, in the provision of services: non-governmental organizations, private sector and citizens. Currently, all the rights from social and child protection are financed from the state budget except for some funds provided by local governments for material support and development of community services, or funds provided to non-governmental organizations on a project basis, which puts into question their continuity, quality, as well as limited number of users.

The adoption of the Law on Social and Child Protection in 2013 enhances the development of existing and the introduction of new services of social and child protection and the inclusion in the sphere of provision of services of different stakeholders. Also, within the IPA 2010 project "Reform of social and child protection system: the improvement of social inclusion", implemented by the Ministry of Labour and Social Welfare and the Ministry of Education, with the technical assistance of UNDP and UNICEF and funded by the European Union, were developed procedures and criteria for financial and professional support on providing services at the community level and were piloted in nine Montenegrin municipalities. Through the project were supported 23 social protection services used by nearly 2 000 persons (the elderly, persons with disabilities, victims of violence, single parents and persons who are psychoactive substances addicts).

Method of Implementing the Strategic Objective

In terms of access to information and access to social and child protection services, it is necessary to work on the development of information systems of institutions for social and child protection and their networking with information systems of social welfare centers, through the establishment of Integrated Social Welfare Information System (ISWIS). Also, special focus should be on simplifying administrative procedures for the exercise of rights in social and child protection and improvement of public information on the social and child protection in order to increase the availability of rights with particular emphasis on the availability and accessibility of the information to marginalized groups.

The development of services that support life in the community is an important segment of this objective and involves activities to comply with the prescribed standards for the

provision of services of social and child protection and to establish a system of licensing professional workers and service providers. In addition, there is a need to further develop the capacity of Directorate for development of services, as well as to adopt and implement local action plans for social inclusion in all local self-governments. Also, the implementation of plans of transformation of social and child protection institutions is one of the important elements of the development of services for life in community.

With regards to the introduction of quality systems in the area of social and child protection, there is space to strengthen the capacity of the Institute for Social and Child Protection and to introduce a system of licensing professional workers and service providers of social and child protection. Also, the development of capacity of Inspections for social and child protection and the supervision over the work of professional workers in social welfare centers, will have significant effects on the process of raising the quality in this area.

Objective 2: Integration in Education and Employment of Persons with Disabilities

Current State

Persons with disabilities represent one of the categories of persons with greatest barriers in employment. In the records of EAM on 31/12/2014 there were 1 942 persons with disabilities, of which 1 364 disabled workers and categorized persons 578. On 31/12/2014 71 employers are entitled to wage subsidy for 89 employed persons with disabilities (43 women). Out of the 89 employed persons with disabilities, 61 are employed for indefinite period.

Problems such as: employers' prejudices about skills, inadequate education, lack of knowledge or work experience, difficulties in adjusting (mismatch of jobs and work environment, society), low level of social support, prevent persons with disabilities to be equally involved in the work, i.e. to be competitive in the labour market and integrated into society.

Persons with disabilities are not sufficiently informed about their rights regarding involvement in the labour market. Despite the existence of legal framework for the implementation of the program of professional rehabilitation and stimulating faster employment of persons with disabilities and their equal participation in the labour market, their effect in practice is still lower than expected.

Physical or architectural barriers prevent and hinder persons with disabilities (with special educational needs) the access to educational institutions, and thus attendance. Persons with disabilities are often not, among other things, able to use public transport, which prevents them from actively participating in life in community. Accessible environment is one of the key elements of the society based on equality, as everyone's concern, not just the affected minorities. The problem of accessibility and the elimination of all barriers should be seen as an issue concerning human rights, not only persons with disabilities, but also the entire society. Equal access to education means that persons with disabilities are included

in mainstream education. In the forthcoming period it is necessary to make further efforts, taking into account the needs of persons with disabilities and the necessity of creating an accessible environment for all.

The education legislation provides the introduction of inclusive education. This implies that continually should be worked on the establishment of support services, the construction of accessible environment and transport, the adaptation of educational or study programs, the existence of textbooks in adequate formats etc.

One of the most evident problems in Montenegro is the lack of availability of information to persons with disabilities, particularly those with impaired vision and hearing: non-compliance of websites of state institutions and, in general, a large number of websites, portals and other electronic content to persons who use screen readers, the absence of billboards written in Braille, etc.

Method of Implementing the Strategic Objective

In order to improve the enforcement of regulations on accessibility for persons with disabilities in accordance with the analysis of existing situation and action plans it is necessary to ensure permanent removal of architectural and other barriers in public spaces, transport communications, public buildings and residential buildings as well as to ensure greater scope and types of rights to use medical rehabilitation for all categories of persons with disabilities without participation.

The inclusion of persons with disabilities in the labour market will be realized through the implementation of the existing legal framework with special emphasis on the financing of the grant scheme to encourage employment of persons with disabilities and special focus on projects and activities of the organizations of persons with disabilities in employment area, as well as through the organization of programs for acquiring first qualification for the occupation for persons with disabilities who have no qualifications.

In order to provide continuous information on the rights of persons with disabilities it is necessary to conduct continuous information and training on the rights of persons with disabilities and accessibility standards, to provide financial support to portals dealing with persons with disabilities for purpose of their sustainability.

Objective 3: Integration of Socially Vulnerable Groups in the Labour Market

Current State

Analysis of poverty in Montenegro, published by the Statistical Office of Montenegro - MONSTAT, shows that the absolute poverty line for Montenegro in 2013 amounted to € 186.45 per adult equivalent, which is about 4 € more than in 2012 . In 2013 8.6% of the population had equivalent consumption below the absolute poverty line, which makes the decline in the poverty rate of 2.7% compared to 2012 (poverty rate in 2012 amounted to 11.3%) .

According to the Ministry of Labour and Social Welfare, in September 2015 the right to material support was exercised by 10 892 families with 35 582 members; the right to personal disability benefits was exercised by 2 064 persons; the right to allowance for external care and assistance was exercised by 11 849 persons.

There are around 1 000 persons on average per year in the record of EAM who identify themselves as members of the Roma and Egyptian population. The share of women among them is about 40%. In the total registered unemployment RE population participates with 3-4%. Over 90% of registered members of the Roma and Egyptian population consists of persons with no occupation and qualifications. They, as a rule, seek employment longer. For the majority of this population long-term unemployment is chronic and the possibility of employment is very limited.

Also, in particularly vulnerable social situation are the victims of violence, trafficking, as well as the returnees in the country on the basis of readmission.

Passive labour market policies, aimed at social security cover one-third of unemployed persons. However, although the unemployment benefit is low, relatively large number of beneficiaries receive that benefit for a longer period of time, but among them prevail persons from socially vulnerable groups.

Method of Implementing the Strategic Objective

Fulfilling this objective involves the inclusion of socially vulnerable groups into the labour market by increasing the employability and employment, in order to reduce their poverty and social exclusion and to become active and full members of society. Special importance in the whole process has activating beneficiaries of material support who are capable of working. An individual who is capable of working has the right and duty to participate in activities that enable overcoming his/her adverse social situation, i.e. in the implementation of measures to ensure his/her social inclusion. Centre for Social Welfare and Employment Agency of Montenegro are obliged to cooperate in the implementation of social inclusion measures work capable beneficiaries of material support. Therefore, it is necessary to improve cooperation between local employment offices and social welfare centers and strengthen their capacities, as well as cooperation with the social partners, in order to facilitate active involvement of work capable beneficiaries of material support in the labour market.

On the other hand, the activities that will be developed under this objective will also support the projects related to involvement in active employment policy measures of persons extremely difficult to employ, including beneficiaries of material support, as well as projects for literacy and training for professions acceptable in the labour market and the employment of RE population members.

In order to involve work capable beneficiaries of material support in the labour market it is necessary to improve cooperation between social welfare centers and Employment Agency of Montenegro with the aim of implementing individual plan of activation. Also, there is

space for improvement of professional knowledge and skills of professional workers in social welfare centers and local employment offices when it comes to the inclusion of hardly employable persons into the labour market.

Also, the process of inclusion of hardly employable persons into the labour market will be implemented through the funding of grant schemes to encourage employment of RE population members and other persons who are most difficult to employ and organized programs for acquiring first qualification for the occupation for persons who have no qualifications

Objective 4: Creating Conditions for the Development of Social/Societal Entrepreneurship

Current State

In Montenegro the concept or strategy for development of social entrepreneurship is not developed, thus in this field there were no significant activities. Implemented activities were only on a project basis and with a lack of understanding of the concept of social entrepreneurship and what it really represents.

The concept of social entrepreneurship can contribute to the creation of alternative new jobs, especially for those who belong to the most vulnerable population groups. This type of entrepreneurship is increasingly seen as an alternative and innovative mean to promote social inclusion and activation of vulnerable groups of the population. On the other hand, social entrepreneurship is a new way of business which in its nature includes the area of overlap entrepreneurial practices from the business world and the values closely related to social responsibility and environmental principles.

Method of Implementing the Strategic Objective

The development of the concept of social/societal entrepreneurship Montenegro sees as initiator of development at the local level and generator of creation of new jobs. Social entrepreneurship will contribute significantly to the achievement of strategic objectives, in particular social cohesion, the fight against poverty, and especially important to increased employment of the most vulnerable groups, through the integration of social and societal, economic and environmental objectives and social innovations.

In this sense, it is evident the need to conduct analysis of the current situation related to social entrepreneurship in Montenegro (legislative framework, institutional framework, mapping and potential of social entrepreneurship). Also, upgrading and further development of this area should be the preparation of Strategy for development of social entrepreneurship, i.e. establishing key strategic framework for the development of this area.

Part IV: Coordination and Implementation of the Strategy

National Strategy for Employment and Human Resources Development 2016-2020 represents a strategic framework for employment policy in Montenegro, thus the drafting of this document was accessed with special attention and in accordance with the needs of the accession process and compliance with specific EU policies on employment. During the preparation, key national development documents and relevant European strategic documents were taken into account.

In the process of preparation of the Strategy participated the representatives of relevant state institutions, social partners and civil sector. In addition, special support in drafting the document was provided by team of the World Bank through the participation of external expert PhD Mihail Arandarenko, whose contribution is reflected in defining key priorities and individual objectives of the strategy.

Implementation of the National Strategy for Employment and Human Resources Development 2016-2020 will be based on annual action plans which determine the measures and activities for the achievement of objectives under each of the priorities. This process implies respect for the principle of the division of responsibilities between relevant institutions and their coordination.

Evaluation of the success of the implementation of the Strategy, in addition to the reports on implementation of annual action plans will be based on official statistics and data contained in the international reports, while individual indicators will be monitored through the data from administrative sources.

Financial framework, i.e. basis for assessing the total funds allocated for the implementation of the Strategy will be assessed on the basis of annual action plans that will include national and other sources of funding.

Annex: Action Plan for Employment and Human Resources Development for 2016

PRIORITY 1: Increasing Employment. Reducing the Rate of Unemployment

Objective 1. Stimulating the creation of employment and encouragement of competitiveness by improving the business environment

	MEASURES / ACTIVITIES	RESULT / INDICATOR	Leader of activities/ Partner institution	Estimation of needed funds
	2016			
1.1.1.	Further improvement of business environment - through the improvement of the procedure for issuing building permits; - improving the work of the cadastre in the part of real estate registration	Simplified procedure	MF	-
1.1.2.	Implementation of programs of state aid - Program for encouraging cluster development in Montenegro by the end of 2016	Number of clusters which have been granted financial assistance	ME	€ 50 000
1.1.3.	Financial support for small and medium sized enterprises and family business	Number of approved loans per type of enterprise Number of approved loans (holder of the loans are women) Number of newly opened jobs / sustainable jobs	IDF	Regular budget of IDF
1.1.4.	Implementation of Program of encouraging the development of the competitiveness of entrepreneurs, micro, small and medium sized enterprises in the Northern region of Montenegro and less developed local self-government units	Number of enterprises which have been granted financial assistance	ME / IDF	€ 10 000 000 (ME - interest rate subsidy of one percentage point for all loans approved by IDF in 2012)
1.1.5.	Implementation of programs of state aid - Program for increasing regional and local competitiveness by complying with the	Number of enterprises which have been granted financial assistance	ME	€ 100 000

	requirements of international business standards for the period 2014-2016			
1.1.6.	Encouraging the development of business zones	Number of newly employed persons in business zones	ME / LGUs	-
1.1.7.	Stimulating direct investments through the implementation of the Regulation on stimulation of direct investments	Number of implemented investment projects / Number of new jobs	Council for development projects	-
1.1.8.	Improving the work of the Social Council and social dialogue through the development of collective bargaining and understanding of the effects of economic policy on the labour market	Number of opinions, recommendations and conclusions	SC/MLSW	-
1.1.9.	Improving the work of the Labour Inspection with a view to more effective protection of workers' rights and preventing undeclared work	Number of Labour Inspection controls Number of imposed measures Number of conducted educational programs	AIA / Labour Inspection	Regular activities
1.1.10.	Realization of research / testing by Hogan test of university graduates who participated in Program of professional training of persons who acquired higher education	Conducted research and prepared recommendations	MLSW	€ 15 000
1.1.11.	Implementation of the IPA project Efficient and inclusive employment policy measures: <ul style="list-style-type: none">• Contract on	Number of implemented trainings through the implementation of contract on	MLSW / EAM	Total: € 2 298 884 IPA: € 1 954

	<ul style="list-style-type: none"> services Implementation of grant scheme 	<ul style="list-style-type: none"> services 25% of employed through the implementation of grant scheme 		049.61 MLSW: € 344 834 (Funds allocated for 2016 and 2017)
1.1.12.	Creating a position paper on employment policy	Document submitted to the Government and relevant institutions	MEF	€ 1 000
1.1.13.	Implementation of the project "Government for citizens and business "	Identified business barriers, recommendations for improving the business environment submitted to the relevant ministry	MEF	€ 5 000

Objective 2: Increasing the Efficiency of Measures of Active Employment Policy with Special Emphasis on the Integration of Young Persons, Women and Long-Term Unemployed Persons into the Labour Market

	MEASURES / ACTIVITIES	RESULT / INDICATOR	Leader of activities/ Partner institution	Estimation of needed funds
	2016			
1.2.1.	Implementation of education and training programs for unemployed persons	Number of persons involved in the programs as % of total number of unemployed persons in the comparative period	EAM	€ 350 000
1.2.2.	Implementation of public works, programs of social care for children and young persons, protection of persons with disabilities, environmental protection, aid to the	Change in the number of long-term unemployed persons as % of total number of participants in the	EAM	€ 700 000

	elderly, educational, cultural and other programs in the public interest, for primarily long-term unemployed persons	programs in relation to the comparative period		
1.2.3.	Training program for work with the employer	Change in the number of long-term unemployed persons who are involved in programs for increasing employment and employability in relation to the previous period	EAM	€ 400 000
1.2.4.	Training program for independent work	Change in the number of young persons who are involved in the program of training for independent work	EAM	€ 300 000
1.2.5.	Pilot program: "Youth are our potential, let give them a chance"	Change in the number of young persons who acquired higher education and work experience up to 9 months involved in programs intended for them	EAM	€ 500 000
1.2.6.	Pilot program "Stimulating the employment of persons with acquired secondary education"	Change in the number of young and long-term unemployed persons who are involved in	EAM	-

		the training program for independent work		
1.2.7.	Other programs for long-term unemployed persons	Change in the number of long-term unemployed persons who are involved in these programs	EAM	€ 50 000
1.2.8.	Providing career guidance service to all individuals who need these program activities	Change in the number of persons covered by the activities of career guidance services compared to the previous period	EAM	-
1.2.9.	Raising the level of connection between the employers and unemployed persons through information system and the development of types of direct communication (IT connection, employment fairs, round tables)	Improved IT connection Number of employment fairs Number of round tables	EAM	-
1.2.10.	Improving cooperation and data sharing between the CSW and EAM in the implementation of individual activation plan	Number of individual activation plans	EAM /VET Center/ MLSW	-
1.2.11.	Motivating unemployed young persons to get seasonal employment	Number of young persons under the age of 24 employed in seasonal jobs	EAM	€ 50 000
1.2.12.	Providing support to the improvement of the acquisition of knowledge, skills and competences of young persons with	Number of highly educated young persons involved in the	EAM/Human Resources Administration/Government of Montenegro	-

	higher education without work experience	program Number of participants in program employed six months after the expiry of participation in the program		
1.2.13.	Subsidies for employment of certain categories of unemployed persons	Total number of approved subsidies and structure by categories	MLSW, MF, EAM, DPR	-
1.2.14.	Implementation of trainings for employers and employees	Number of training, conferences and round tables which are held	MEF	€ 4 000

Objective 3: Achievement of Higher Employment in Undeveloped Areas of Montenegro

	MEASURES / ACTIVITIES	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
1.3.1.	Stimulating entrepreneurship through loans for self-employment for unemployed persons, which are headed by women and which are implemented in less developed local self-government units	Number of loans in the current year compared to the number of loans in the previous year	EAM	€ 200 000
1.3.2.	Financial and advisory support for those who are starting a business, especially in the north of Montenegro, in order to promote agrotourism and other alternative types of economic activity, such as green	Number of approved loans Number of approved projects	MARD / MF-sector for management of EU funds	IPA V (2011-13) reallocated in the IPA I DEU and World Bank € 10 000 000

	jobs			
1.3.3.	Implementation of trainings for entrepreneurs and persons who are starting a business	Number of trained entrepreneurs and persons who are starting a business	EAM / MTMA	-

PRIORITY 2: Efficient Functioning of the Labour Market

Objective 1: Compliance with European Regulation of Employment Policy and Social Policy

	MEASURES / ACTIVITIES 2016	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
2.1.1.	Preparatory activities on the drafting of the new Labour Law	Prepared draft Law	MLSW	-
2.1.2.	Preparatory activities on the drafting of the new Law on Employment and Exercising the Rights of Unemployment Insurance	Provided expert assistance and established working group	MLSW	-

Objective 2: Promoting Flexicurity and Reducing Rigidities in Legislative Employment Protection

	MEASURES / ACTIVITIES 2016	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
2.2.1.	Promoting labour market flexibility and increasing efficiency of mediation in employment through the development of agencies for assignment and agencies for employment	Number of registered agencies for assignment Number of registered agencies for employment	Agencies / MLSW	-
2.2.2.	Improving the work of the Social Council and social dialogue through	Number of opinions, recommendations	SC / MLSW	-

	the development of collective bargaining and understanding of the effects of economic policy on the labour market	and conclusions		
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Objective 3: Encouraging the Formalization of Non-Formal Employment

	MEASURES / ACTIVITIES 2016	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
2.3.1.	Implementation of the recommendations contained in the Report on the implementation of the project - National Human Development Report (NHDR) - "Non-formal economy: overcoming exclusion and marginalization."	Implemented recommendations of the report	MLSW / MF / ME / MES / MARD / MC / MSDT / MH	-
2.3.2.	Implementation of the activities of the Labour Inspection for the purpose of transition from non-formal to formal employment	Number of persons included in formal employment	AIA / Labour Inspection	Regular activities

PRIORITY 3: Improving the Qualifications and Competencies Adjusted to Labour Market Needs

Objective 1: Promoting Access and Participation of Adults in Lifelong Learning

	MEASURES / ACTIVITIES 2016	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
3.1.1.	Presenting the report on the implemented survey "From school to work"	Presented report	MLSW / MONSTAT / ILO	-
3.1.2.	Organizing various activities (Event: "Days of adult education", etc.) in	Round tables, lectures etc.	MES / VET Center	€ 2 000

	order to promote adult education			
3.1.3.	Celebrating the International Day of Literacy	Round table - printed promotional material	MES / VET Center	€ 500
3.1.4.	Celebrating the International Day of Older Persons	Round table - printed promotional material	MES / VET Center / MLSW	€ 500
3.1.5.	Improving the procedures for recognizing non-formal and informal learning	Improved regulations governing the procedures for recognition of non-formal and informal learning (Amended Law on National Vocational Qualifications and corresponding rulebooks)	MES / VET Center / MLSW/ EC	Regular activities
3.1.6.	Andragogical training of personnel employed in adult education	Number of andragogically qualified teachers	VET Center	€ 1 000
3.1.7.	Support for the schools to broaden the network of adult education providers who are licensed to implement programs	Increasing the number of established licensed education providers for 10%	MES / VET Center, schools	Regular activities of MES
3.1.8.	Improving educational offer for different target groups	Done at least ten special programs for levels II and III	VET Center / schools	€ 5 000
3.1.9.	Implementation of the program of career guidance in vocational schools	Training program completed by at least 100 teachers	MES/ VET Center, Bureau for Edu. Services	€ 8 000
3.1.10.	Promoting vocational education oriented	Number of promotional	VET Center / MES, schools,	€ 1 000

	towards the needs of the labour market and strategic commitments of Montenegro	activities in various target groups	CEM, MEF	
3.1.11.	Raising awareness on importance and possibilities provided by the system of non-formal education	Prepared guide through the system of non-formal education, Established work of portal on adult education	VET Center / MES EAM (employment agencies), licensed adult education providers etc.	€ 8 700
3.1.12.	Analysis of the situation of adult education in order to strengthen this segment of education system	Formed expert group to report on the state of adult education in Montenegro (the number of sessions of the expert group, the number of initiated changes and initiated activities)	VET Center / MES / CEM / MEF / trade unions, local self-governments, NGOs, licensed adult education providers	€ 6 900

Objective 2: Improving the Quality of Education at All Levels and Compliance with Labour Market Needs

	MEASURES / ACTIVITIES	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
	2016			
3.2.1.	Training of sectorial committees for writing learning outcomes	Trained at least 50 members of sectorial committees for writing learning outcomes	MES / VET Center	Regular activities of MES
3.2.2.	Analysis of existing and creation/improvement of methodology, models and instruments for labour market research, which are necessary to adjust	Performed analysis	MES / sectorial committees, VET Center, CEM, MEF	IPA IV € 800 000 for points 3,2,2, to 3.2.7.

	supply of different types of qualifications to labour market needs.			(for 18 months, of this amount will be also financed teacher training)
3.2.3.	Conducting research on the missing skills and qualifications on the labour market	Conducted training programs for the members of competent institutions and sectorial committees	MES / sectorial committees, VET Center, CEM, MEF	-
3.2.4.	Analysis of existing qualifications in the field of vocational education in order to determine the need for their modernization and/or development of new ones	Completed analysis of existing qualifications	VET Center / sectorial committees, CEM, MEF	-
3.2.5.	Preparation of occupational standards, qualifications, standards, programs and examination catalogues	Done at least 20 occupational standards, 10 qualifications standards	VET Center / sectorial committees, Council for Qualifications	-
3.2.6.	Preparation of special programs for adult education and examination catalogues to evaluate non-formally and informally acquired knowledge	Done at least 10 special programs and 10 examination catalogues	VET Center / sectorial committees, Council for Qualifications	-
3.2.7.	Preparation of modularized curricula for levels II-V	Done at least 10 modularized programs	VET Center / Board for VET, National Council for Education	-
3.2.8	Training of examiners in the assessment procedure of previously acquired knowledge	Trained at least 30 examiners for assessment procedure	EC	€ 5 000
3.2.9.	Conducting assessment procedure for previously acquired knowledge	Conducted examination procedure for at least 50 candidates	EC / Adult education providers	€ 5 000

3.2.10.	Connecting higher education and research with economy	Improved transfer of knowledge from the research sector to the economy	MES, Higher Education institutions	Regular activities
3.2.11.	Research among young persons, employers and educational institutions to identify main barriers to employment from the perspective of key competencies and social-emotional skills	Conducted survey on barriers for the employment of young persons	Partners of UNICEF: MLSW/ MES/ Directorate of Youth and Sport, MEF / EAM	UNICEF 35 000 USD
3.2.12.	Analysis of existing services and youth support programs and preparation of recommendations, with particular focus on supporting employability	Prepared analysis of services and youth support programs with a focus on supporting employability	Partners of UNICEF: MLSW/ MES/ Directorate of Youth and Sport, MEF / EAM	UNICEF 13 000 USD
3.2.13.	Development of action plans for youth employment programs based on gender equality and data/evidence (evidence-based), based on surveys School-to-Work (from school to work), as well as appropriate consultations	Prepared comprehensive diagnosis in the field of youth employment, including the institutional framework and programs relating to employability, employment, mediation in employment and entrepreneurship, new skills for jobs	Partners of ILO: MLSW, EAM, MES, MF, ME, social partners	ILO 78 000 USD
3.2.14.	Development of qualifications of lower, secondary and higher vocational education based on learning outcomes, based on occupational standards in accordance with labour market needs and involvement of employers in their preparation	Number of developed vocational qualifications and qualifications of levels of education	VET Center / MES / sectoral committees, teachers, employers	€ 35 000

3.2.15.	Adjustment of educational programs to the persons with special educational needs in order to facilitate their integration into the labour market	Number of adjusted educational programs	VET Center / MES	€ 7 000
3.2.16.	Increasing the number of pupils who attend practical education with employers by including more employers in providing practical teaching and professional practice	Increased number of pupils who attend practical education with employers in relation to data on the implementation of practical teaching in 2015,	Schools, employers / VET Center	regular activities
3.2.17.	Organization of workshops and seminars for teachers of vocational-theoretical subjects and practical training for the purpose of their professional training	Number of provided trainings and trained teachers	VET Center	€ 4 000
3.2.18.	Improving the entrepreneurial skills of pupils /participants for the purpose of their independent involvement in the labour market after the graduation	Number of implemented activities to improve entrepreneurial skills of pupils / students	VET Center / employers	€ 2 000
3.2.19.	Continuation of work on the documents that accompany the methodology of providing and improving the quality of educational work in institutions of vocational education and adult education	Completed documents in electronic form	VET Center	€ 15 000
3.2.21.	Regular evaluation of the work of institutions, their programs or quality assurance systems by external monitoring bodies	Evaluated the work of ten vocational / mixed schools and five adult education providers	VET Center	€ 35 000

3.2.22.	Strengthening monitoring system and evaluation of the quality of education system, which includes the improvement of the capacity of institutions and individuals involved in the process of external quality assessment and the improvement of the capacity of institutions to implement mechanisms for internal quality assurance	Trained external evaluators Trained evaluators for internal evaluation	VET Center, schools	€ 10 000
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PRIORITY 4: Promoting Social Inclusion and Reducing Poverty

Objective 1: Improvement of Social Inclusion and Social and Child Protection System for the Purpose of Better Coverage and Activation of Vulnerable Groups

	MEASURES / ACTIVITIES 2016	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
3.1.1.	Improving cooperation through the implementation of joint training of CSW and EAM, when it comes to inclusion of hardly employable persons into the labour market	Employees of EAM and CSW additionally trained to work with hardly employable persons	MLSW / CSW / EAM	€ 513 648 total budget for this measure (for 2016 provided € 282 506.40, of which 85% is share of the EU and 15% national co-financing)
3.1.2.	Improving professional competence of employees in CSW through the implementation of accredited training programs	Implemented accredited training programs for employees in CSW	Institute for Social and Child Protection / CSW	Regular budget of the Institute for Social and Child Protection for 2016
3.1.3.	Implementation of social inclusion measures of work capable beneficiaries of material support	Designed and implemented individual plans of activation of work capable	MLSW / VET Center / social partners	Regular budget MLSW, VET Center and EAM for 2016

		beneficiaries of material support		
3.1.4.	Improving the system of data collection and analysis of indicators used for monitoring social and child protection system, through the building of information systems of social and child protection institutions and their connection with information systems of social welfare centers	Established Integrated Social Welfare Information System (ISWIS)	MLSW / VET Center / social and child protection institutions	€ 304 000
3.1.5.	Development of services of social and child protection at the local level	Number of developed services of social and child protection at the local level	MLSW / service providers	€ 900 000

Objective 2 : Integration in Education and Employment of Persons with Disabilities

	MEASURES / ACTIVITIES	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
3.2.1.	Professional information and counseling of hardly employable persons and persons with disabilities as regards choice or change of occupation, education and other decisions related to education and employment	Number of implemented programs Number of persons with disabilities who were provided with the service	EAM	-
3.2.2.	Involving persons with disabilities in the measures of active employment policy	Number of persons with disabilities involved in measures Type and number of	EAM	€ 130 000

		implemented measures		
		Number of employed persons with disabilities		
3.2.3.	Work of the Commission for Professional Rehabilitation	Reports on the work of the Commission	EAM	€ 50 000
3.2.4.	Implementation of measures and activities of professional rehabilitation of persons with disabilities	Number of persons with disabilities involved in certain measures and activities Number of persons with disabilities employable: on open labour market; under specific conditions; unemployable persons with disabilities Number of employed persons with disabilities after implemented measures and activities	EAM / employers	€ 300 000
3.2.5.	Financing grant schemes to encourage employment of persons with disabilities	Number of approved projects Number of employed persons with disabilities	EAM	€ 1 000 000
3.2.6.	Support the development of entrepreneurship of persons with disabilities	Number of approved loans	EAM	€ 20 000

3.2.7.	Implementation of programs and projects for psychological strengthening the long-term unemployed persons for involvement in active employment policy programs and programs of professional rehabilitation	Number of implemented programs and projects Number of involved persons	EAM / NGO	-
3.2.8.	Improving the employment of persons with disabilities through subsidized employment of persons with disabilities	Number of employed persons with disabilities	EAM	€ 500 000

Objective 3: Integration of Socially Vulnerable Groups in the Labour Market

	MEASURES / ACTIVITIES	RESULT / INDICATOR	Leader of activities / Partner institution	Estimation of needed funds
3.3.1.	Continuation of the program of subsidized employment of hardly employable persons, especially RE population	Number of employed persons under the regulation on subsidies	DPR	-
3.3.2.	Informing IDP on the rights based on unemployment	Number of informed/registered persons in EAM	EAM	Activity carried out by employees of EAM
3.3.3.	Implementation of the program of education for acquiring occupational qualification for RE population	Number of acquired qualifications and number of participants in program	EAM	€ 10 000
3.3.4.	Implementation of the program of public works for RE population	Number of participants in public works	EAM	€ 40 000

Objective 4: Creating Conditions for the Development of Social/Societal Entrepreneurship

	MEASURES /	RESULT / INDICATOR	Leader of activities /	Estimation of needed
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	ACTIVITIES		Partner institution	funds
	2016			
3.4.1.	Organizing round table on the theme of development of social entrepreneurship	Round table held and completed recommendations regarding the development of social entrepreneurship	MSLW	€ 10 000