



Montenegro

Ministry of Labour and Social Welfare

**NATIONAL STRATEGY
FOR EMPLOYMENT AND
HUMAN RESOURCE DEVELOPMENT
2012-2015**

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List of Abbreviations

AEP	Active Employment Policies
CC	Chamber of Commerce
CIPS	Centre for Information and Professional Counselling
DSME	Directorate for Small and Medium Enterprises
EAM	Employment Agency of Montenegro
ESF	European Social Fund
ETF	European Training Foundation
EU	European Union
GDP	Gross Domestic Product
HRD	Human Resource Development
IDF	Investment Development Fund
IPA	Instrument for Pre-accession Assistance
LFS	Labour Force Survey
LLL	Lifelong Learning
MARD	Ministry of Agriculture and Rural Development
ME	Ministry of Economy
MEF	Montenegrin Employers Federation
MES	Ministry of Education and Sports
MF	Ministry of Finance
MHMR	Ministry of Human and Minority Rights
MLSW	Ministry of Labour and Social Welfare
MOP	Material Family Support
MS	Ministry of Science
MSDT	Ministry of Sustainable Development and Tourism
NES	National Employment and HRD Strategy
NGO	Non-governmental Organisations
NQF	National Qualifications Framework
OECD	Organisation for Economic Cooperation and Development
R/DPs	Refugees/Displaced persons
RAE	Roma, Ashkalie, Egyptians
RIA	Regulatory Impact Analysis
SC	Social Council of Montenegro
SWC	Centre for Social Work
VET	Vocational Education and Training

Foreword

The National Strategy for Employment and Human Resource Development 2012-2015 has been developed by representatives of the Ministry of Labour and Social Welfare and a wider Working Group consisting of representatives of the key public stakeholders in the field of socio-economic development: the Ministry of Education and Sports, the Ministry of Economy, the Ministry of Finance, the Ministry of Sustainable Development and Tourism, the Employment Agency, the Statistical Office, the Vocational Education Centre, the Directorate for Development of Small and Medium Sized Enterprises, as well as the representatives of the social partners: Montenegro Employers Federation, Federation of Free Trade Unions of Montenegro, Confederation of Independent Trade Unions of Montenegro, as well as representatives of the NGO sector.

The development of the Strategy has been assisted by the EU project: 'Labour Market Reform and Workforce Development - 2008' providing technical support to assist the Government of Montenegro in setting up a consistent framework for a balanced development of employment policy.

During the process of developing the Strategy, the technical team of the Project organised two one-day workshops, in which the members of the Working Group, together with the experts engaged, defined major priorities, objectives and activities of the Strategy and National Action Plan for 2012.

The Strategy was developed in the context of Montenegro's accession to the EU and on the basis of the national priorities within the field of employment policy.

PART I: INTRODUCTION

1.1 Results of the Implemented National Strategy for Employment and HRD for the Period 2007-2011

The National Strategy for Employment and Human Resource Development for the Period 2007-2011, adopted by the Government in July 2008, constituted a strategic framework for conducting labour market reforms and was in line with the EU employment policy including the integrated employment policy guidelines that were most recent at the time.

The overall aim of the National Strategy for Employment and Human Resource Development for the Period 2007-2011 was to raise the level and quality of the employment in Montenegro. The Strategy sets three major priorities, objectives and measures with the aim to address the main challenges at the labour market.

- Achievement of the objectives under the priority: **increasing employment and counteracting unemployment**, was foreseen through addressing the following challenges: structural unemployment; long-term unemployment; high rate of unemployment among young people, undeclared labour and improved balance between labour market flexibility and security.
- Within the priority: **increasing productivity and quality of work**, objectives and measures aimed to address: the mismatch between the education system and labour market needs, improvement of the system of professional orientation and counselling, insufficient interest among employers in long-term investments in the development of human capital, and promotion of the lifelong education system.
- Objectives and measures under the priority: **strengthening social cohesion**, were planned in response to the challenges of low employment rate among women, disabled persons and RAE population, as well as to decreasing regional employment disparities.

The Analysis of implementation of the National Strategy for Employment and Human Resource Development 2008-10 aimed to highlight the effects of the implemented measures in terms of achieving the objectives set during the implementation of the Strategy, as well as to point out some limitations for which some of the objectives have not been fully achieved.

Considering that the Strategy was developed during 2007, and adopted by the Government in the middle of 2008, it was implemented only through one year under the circumstances of high economic growth, and then in the period of decreased economic activity caused by the global economic crisis during 2009 and 2010.

In relation to 2007, a year that may be considered the baseline for the comparison of indicators, progress is evident already in 2008, in fact the first year of implementation of the Strategy. As Table 1 shows, the employment rate for the age group 15-65 years was raised from 49.2% to 50.8%, the female employment rate from 41.9% to 43.5%, while the rate of

surveyed unemployed was reduced from 19.4 to 16.9%, and the rate of registered unemployment was decreased from 12.6% to 11.3%. Positive trends may also be identified in relation to most of the other indicators defined in the Table.

However, the impact of the global economic crisis influenced almost all indicators important for the implementation of the Strategy in 2009, a situation which continued in 2010. The reason for bringing the employment rate high up on the priority list, stemmed from the fact that, at the time of developing the Strategy, good business environment and high rates of economic growth made such an objective still achievable. Based on the current labour market trends and still ongoing economic crisis, it is not realistic to expect that the objective concerned would be achieved by the end of 2011, which is the final year of implementation of the Strategy. The situation is similar as for the employment rate for women.

Regarding the rate of unemployment, the objective set out in the Strategy aimed at achieving a rate of registered unemployment below 10% at the end of the implementation period. As the impact of the economic crisis on the labour market became stronger starting with the last quarter of 2009, unemployment rate grew to 11.6% at the end of 2009, and then to 12.2% in mid-December 2010. The rate of unemployment regularly decreases during the tourist season, and then it grows, so it is realistic to assume that the rate of registered unemployment at the end of 2011 will be between 11 and 11.5%, which, considering rather unfavourable circumstances resulting from the impact of the economic crisis, is not too far from the figure set out in the Strategy.

Participation of the unemployed in active labour market policy measures (training, retraining, public works, self-employment, employment of apprentices) is high, compared to the countries in the region. However, inclusion of all adult unemployed persons in one of the active measures within 12 months after they have become unemployed, and of all young persons within 6 months, would require considerably greater financial resources than it is the case now and will be in the following period. In that respect, in particular bearing in mind the impact of the crisis and restrictive budgetary policy, this objective is hardly achievable. In the same manner, inclusion of long-term unemployed persons (at least 50%) in active employment policy measures is an objective that haven't been achieved in the past period, which, however, does not mean that active measures should not focus on those persons in the future.

Other indicators, especially those relating to the education system, also show evident progress, and the crisis has not caused any perceived negative effect in that regard.

Taking into account all the above, it may be concluded that the overall evaluation of the implementation of the Strategy is positive, since there has been a positive trend in the indicators set until the inception of the crisis and its impact on the labour market. This statement gains even more weight when consideration is given to the period of implementation of the Strategy and the fact that the Strategy was developed at the time when the rates of economic growth were the highest ever recorded, and therefore the objectives were set ambitiously in accordance with the trends of the times. The global economic and financial crisis had a great influence on the achievement of the objectives set, and moreover, the effects of

the crisis will be present on Montenegrin labour market in the following period as well, since labour market usually recovers more slowly than the rest of the economy.

Indicators of Achievement for the Implementation of the NES 2007-2011² Table 1

Indicators set in the Strategy		2007	2008	2009	2010
Employment rate (LFS) - 60%	15-65	49.2%	50.8%	48.8%	47.6%
Employment rate among women of at least 50% (LFS)	15-65	41.9%	43.5%	41.6%	41%
Employment rate among older workers of at least 32% (LFS)	55-65	37.7%	34.2%	35.6%	36.2%
Unemployment rate (LFS)	15-65	19.4%	16.9%	19.2%	19.8%
Unemployment rate (EAM) below 10%	15-65	12.6%	11.3%	11.6%	12.12%
Every unemployed person to be offered a new start before reaching 6 months of unemployment in the case of young people and 12 months in the case of adults in the form of training, re-training, work experience, a job or other employability measure, combined with on-going job search assistance	% unemployed persons included in active employment policy measures	24.20%	29.00%	22.10%	17.00%
At least 50% of long-term unemployed persons to participate in active measures in the form of training, re-training, work experience, a job or other employability measure, combined with on-going job search assistance	% long-term unemployed persons who participated in active employment policy measures	9.2%	9.6%	10.1%	9.6%
An increase in the proportion of 22 year-olds who have completed upper secondary education	% 22-year-olds who have completed upper secondary school	7.3%	7.7%	8.6%	8.2%
A decrease in the rate of early school leavers	%		12.35%		
Participation in lifelong learning to be undertaken by at least 10% of the adult working population	% population that participated in lifelong learning	7.3%	7.9%	7.6%	7.0%

²Data sources: EAM – Annual Performance Report 2007, 2008, 2009, EAM Report for the Period January-September 2010; MONSTAT- Labour Force Survey 2007, 2008, 2009 and 2010 and 2011 Second Quarter

Childcare provided to children between 1 and 3 years of age to be made more accessible, whereas the care for children between 3 and 5 years of age to be provided to at least 30% of pre-school children	% children enrolled in preschool institutions	22.3%	23.3%	24.2%	25.2%
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1.2. The New Strategy 2012 - 15

The National Strategy for Employment and Human Resource Development for the Period 2012-2015 constitutes a continuation of the previous Strategy. In the same manner as the previous one, this Strategy is also based on a comprehensive and cross-sectoral definition of employment policy, which comprises measures on both the demand and supply sides of the labour market, developmental objectives of employment and of general human resource development. The Strategy is also compliant with other developmental priorities and strategic documents of the Government of Montenegro. In addition, this Strategy is intended to be a building block relating to employment and human resource development within the National Development Plan that is in the process of being drafted.

The contents of the **National Strategy for Employment and Human Resource Development for the Period 2012-2015**, adopted approach, as well as the methodology, are different from the contents, approach and methodology used within the previous Strategy.

The original assumptions and reasons to introduce changes included the following ones:

1. **The global economic crisis that affected the economy, and thereby the labour market in Montenegro.** The priorities and objectives of the Strategy have been set on the basis of the experience gained and as a response to the challenges arisen from the crisis. Therefore, the new Strategy is realistic, but not less ambitious than the previous one. It stems from the assumption that further investment into human resources is necessary for a complete recovery of the economy and return to the economic growth pattern. The aim of the Strategy is to provide a long-term framework for concrete, ambitious, future-oriented measures and activities that will be agreed every year in the form of annual action plans. Thus, managing the objectives of the Strategy will be more thorough and precise.

2. **The strategic framework of the European Union „Europe 2020“and Montenegro's obtaining the status of a candidate-country.** As already mentioned, the Strategy is based on a diagnosis of the specific, national context of Montenegro and its problems, challenges and advantages. At the same time, the Strategy is inspired by the approach taken with the integrated socio-economic strategy of the EU – with an emphasis placed on a smart, green/sustainable and inclusive growth. Irrespective of the fact that Montenegro is

still not required to observe the precisely defined procedures relating to the EU Integrated Guidelines, and to draw up National Reform Programmes, in these terms, the adoption of the EU approach would be seen as a step forward to the full participation of Montenegro (as an EU candidate-country) in the Community policies. Therefore, the Strategy should be considered as a national response to the Guidelines 7-10 defined in the Council Decision of 21 October 2010 (2010/707/EU). In addition, this Strategy, should to the highest extent, contribute to achieving the objectives of „inclusive growth“ and „smart growth“ referred to in the Strategy „Europe 2020“.

3. **Expected benefits of the participation of Montenegro in IPA-funded programmes – Human Resources Development Component.** The Strategy aims to identify measures and actions that may be supported through IPA, as well as the areas in which additional funds from the EU could produce better results. IPA funds are considered as a complement to the mainstream national policies and measures.

4. Due to the above mentioned challenges set by the economic crisis and following the publication of the new EU strategic framework, a decision has been made that the Strategy and related annual action plans should be more focused compared to the activities set out in the previous Strategy. The total number and the level of complexity of respective objectives and activities/measures have been reduced in order to allow for a more efficient and target-oriented performance management. Detailed mechanisms for the implementation of the activities defined in the Strategy should be designed and reflected in the operational documents that will be developed as a result of this Strategy, i.e. annual work programmes of the Employment Agency, IPA Operational Programmes for HRD, etc.

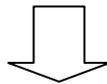
1.3. Overall Aim and the Priorities of the National Strategy for Employment and HRD 2012-2015

The overall aim of the **National Strategy for Employment and Human Resource Development for the Period 2012-2015** is two-fold:

Creation of better conditions for job opening and in parallel, or jointly, investment in human capital with a view to increasing the level of employment and enhancing the economic competitiveness of Montenegro.

As provided in more details in the respective sections of „Diagnostics” and „SWOT Analysis” under the Strategy, the major employment and HRD challenges in Montenegro include:

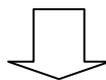
- 1. Slower growth. Reduced potential for job opening in the sector of economy/business.**
- 2. High rate of unemployment. High level of long-term unemployment.**



Priority 1 of the Strategy („Increasing Employment. Reducing the Rate of Unemployment”) has been designed as a major response to these challenges. The objectives and activities under this priority concentrate on:

- Maintenance of economic stability. „Stimulating job creation through enhancing business environment and labour market management. Striking the right balance between labour market flexibility, productivity and security”. (Objective 1)
- „Increasing the efficiency of activation policies with a special emphasis on the integration of long-term unemployed and unemployed young people in the labour market”. (Objective 2)
- „Increasing self-employment. Stimulating entrepreneurship, especially in the underdeveloped areas of Montenegro”. (Objective 3)

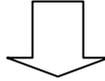
- 3. Mismatch between supply and demand. The education and training system is not adjusted to the labour market needs**



Priority 2 of the Strategy („Improving Knowledge, Skills and Competences with a View to Increasing Job Opportunities, and Increasing Competitiveness through Formal and Informal Education and Training”) has been designed as a major response to these challenges. The objectives and activities under this priority concentrate on:

- Promoting adults’ access to and participation in lifelong learning. Raising awareness of the importance of lifelong learning” (Objective 1)
- „Increasing the quality of education at all levels and adjusting the education system to the labour market needs”. (Objective 2)

4. Increased level of poverty and social exclusion. A large number of jobless persons affected by the multiple deficiencies of the labour market



Priority 3 of the Strategy („Promoting Social Inclusion and Reducing Poverty“) has been designed as a major response to these challenges. The objectives and activities under this priority concentrate on:

- „Improving the system of social benefits and social services to better target and cover vulnerable groups“(Objective 1)
- „Integration of disabled persons in the labour market“. (Objective 2)
- „Integration of RAE population, refugees and displaced persons in the labour market“. (Objective 3)

The achievement of all the priorities should be based on the interaction and synergy between different objectives and the measures/activities set out under specific objectives. All the priorities are closely inter-related and the achievement of each priority, or respective objective, depends largely on the success of other priorities and objectives.

In addition, it is considered that the results of the Priorities 1 and 3 should be measured in the medium term, while the objectives under the Priority 2 represent more a long-term type of investment (such as the activities targeting the future work force), and therefore the related results, in these terms, may be measured in a long term.

1.4 Indicators of Achievement for the Implementation of the Strategy

Indicator	Labour Force Survey(2011)	Value of the Indicator	Data Source
Employment rate (15-65)	46.6 % ³	60%	MONSTAT, Labour Force Survey
Female employment rate (15-65)	40.1%	50%	MONSTAT, Labour Force Survey

³Data relates to the second quarter of 2011

Unemployment rate (15-65)	20.1%	15%	MONSTAT, Labour Force Survey
Registered unemployment rate	11.05%	8%	EAM
Youth unemployment rate (15-24)	37.3%	28%	MONSTAT, Labour Force Survey
Share of long-term unemployed persons in the total number of the unemployed	80.3 %	55%	MONSTAT, Labour Force Survey
Share of self-employed persons in the total number of the employed	16.0 %	20%	MONSTAT, Labour Force Survey
Share of persons with university education in the age group 25-34	25.8%	35%	MONSTAT, Labour Force Survey
Share of the children enrolled in preschool institutions in the total number of the children of up to 6 years of age	25.2%	30%	Ministry of Education and Sports
Poverty rate	6.8% ⁴	5%	MONSTAT, Poverty Survey
Share of socially vulnerable groups in total unemployment	10%	8%	EAM

⁴Data relates to 2009

PART II: DIAGNOSIS

2.1. Macroeconomic Context

The consequences of the global financial crisis became visible in Montenegro in 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 and 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%⁵. In the same year, the inflation, as measured by the Consumer Price Index, reached a rather low level of 1.5%, the deficit of public finance was reached a level of 5.74 % of GDP and the deficit of the budget jointly with the funds was recorded in the amount of 2.3% GDP. In addition, there was a considerable decline in exports (36.6%) and imports (34.6%) of goods. Positive trends in this year indicated the first signs of stabilisation of the banking sector, as well as an increased inflow of foreign direct investments. Thus, in 2009, there was an increase in the capital of the banks by 18.7% and an increase in the liquid assets by 26.4%, while the net inflow of foreign direct investments was 65.1% higher compared to the previous year.

By undertaking appropriate measures against the crisis in the „real” and financial sectors, but also through the process of privatisation of the energy supply sector, the negative effects of the crisis were alleviated, providing for the process of recovery. In the latter half of 2010, economic activity started to recover based on the favourable results of the tourist season and the recovery of the industrial production. At the same time, agricultural production and forestry recorded growth, there was a growth in retail sales, as well as growth in construction industry services. As a consequence of these trends (according to the MONSTAT data) there was a recorded GDP growth in 2010 at 2.5%. Due to a decrease in the aggregated demand, inflation was very low, amounting to 0.7%, which is the lowest inflation level since it started to be statistically measured in Montenegro. The deficit of public finance amounted to 4% of GDP, while the budgetary deficit was in the amount of 2.8% of GDP. The trends in the banking sector were featured by the constant growth of deposits and a decline in the credit activity, a high level of solvency, but also an increased share of bad credits. In 2010, there was a significant net inflow of foreign direct investments in the amount of 17.9% of GDP. The total exportation of goods increased by 20.3%, imports recorded a slight growth of 0.1%, while the current account deficit was lowered by 13.6% compared to the previous year.

⁵According to the MONSTAT data

According to the preliminary estimates for the first half of 2011, economic growth accelerated, but not at the pace that had been realised in the period preceding the crisis⁶. Growth was recorded in several sectors of the economy: tourism, trade, agriculture and forestry, transport (rail and air) and building industry. The sector of industry was the only one to record a decline that was expected due to a decrease in the production of electricity from the highest level ever recorded in the first quarter of the last year.

The growing inflation rate in 2011 compared to the end of 2010 has been conditioned by a rise in the prices of oil and oil derivatives, which has resulted in the growth of other categories as well, which has lifted the inflation in the first half of the year to 3.6%. However, insufficient credit activity of the banking sector, insolvency of businesses, growth of debt arising from a low quality assets, growth of public debt, growth of outstanding tax liabilities, and external effects of the growth of oil prices on the world market that could lead to a rise of inflation in Montenegro, constitute the most significant factors that may cause a slowdown in economic growth.

The deficit within public finance was 1.56 % of GDP within the first six months of 2011, while the budgetary deficit was equal to 1.6% GDP. The growth of budgetary expenditure during 2011 is ensued by the growth of social benefits and pensions, due to the larger number of social welfare beneficiaries, as well as an increase in the number of pensioners and extraordinary adjustment of veterans' pensions. In the first half of 2011, the trends were positive regarding foreign exchange, and therefore the current account deficit was lower by 22.5% than in the same period last year, while the foreign trade deficit was decreased by 6.8%. The effected level of imports being covered by exports of goods amounted to 32.8%, which is 13.6 % more than in the same period in 2010. Direct foreign investment account recorded a surplus in the first half of 2011 (net inflow) in the amount of 114.2 million euros, which is by 17.4% less compared to the previous year, while the total inflow of 125.4 million euros is less than in the previous year (the same period), or 20.5 %.

2.2 The Outlooks for Economic Growth and Development in Montenegro 2012 – 2015

According to the forecasts of the Ministry of Finance of Montenegro, the total value of domestic production will grow at the rate of 2.5% to 4% in the period up to 2015, primarily resulting from the inflow of foreign direct investments and increased credit activity of the banking sector. It is estimated that one of the most significant factors of economic growth will be tourism with an annual growth of 5.7%, and will therefore be an incentive for the development of other sectors, such as retail trade, transport, construction industry and agriculture. Despite a rather bad

⁶According to a preliminary estimate of the Ministry of Finance, Montenegrin economy effected real growth at the rate of 2.1% in the first half of 2011

situation in the sector of industry, the expectation is that it will gradually recover and that the GDP share of the manufacturing industry sector will increase.

In accordance with the foreseen trend of GDP, the objective of fiscal policy in the following period will be to provide for a budgetary surplus, and public sector surplus in 2013 through a restrictive policy of managing public expenditure, in order to avoid additional borrowing. Another objective, also defined, is a decrease in the current expenditure and national debt to an amount below 35% of GDP in 2015 and maintenance of a capital budget at around 4% of GDP.

Due to economic growth and the fact that the economy is rather import-oriented, the share of current account deficit in the total GDP will be at a high level (22.9% of GDP) until 2015. However, improvements in the current account are possible in the event of realisation of investments in the sector of energy supply, which would increase exports.

Considering that the „real“ sector depends on the banking sector, it is important that banking sector increases its credit portfolio. With reference to the aforesaid, it is estimated that the credit activity of banks will grow at the rate of 4.5%, on the average.

In 2011, inflation is expected to be at the level of 3%, while in the period until 2015, it is expected that the rates will be lower, at the level of 2.5%.

2.3. Population and Activity

The total number of population in Montenegro has not changed considerably since 2003. Thus, according to the results of the 2003 census, 620,145 population lived in Montenegro, and according to the 2011 census, there are 620,029. According to the latest data, 64.2% 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 it equaled 32.7 years in 1991. The gender-specific structure of population did not change considerably between the last two censuses. According to the 2003 census, the share of women was 50.7%, while in 2011 they constitute 50.6% total population.

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

One of the characteristics of Montenegro is also a lower activity rate. According to the 2010 Labour Force Survey, the average activity rate in Montenegro amounted to 50.1%. In respect of the activity rate per regions for 2010, the rate of activity for persons aged 15 and above

amounted to 43.1% in Northern region, 54.9% in Central region and 49.8% in the Southern region. The lowest activity rate is among the population from 15 to 24 years of age (35% on the average) and among the population between 55 and 64 years of age (33% on the average). The activity rate is highest among the population in the second phase of higher education, bachelors (graduate students), masters and doctors of sciences (81.5% in 2010), while the lowest rate is among persons without any formal education (8.4%). There is a distinctive disparity in the gender-specific rates of activity (in 2010, the activity rate for men was 58.1%, and for women 42.6%)

According to the Labour Force Survey, the rate of work inactivity amounted to 49.9% in 2010. Around 39.1% of inactive population are pensioners, 27.9% students, while 13.6% population is inactive for personal or family reasons. The age group 15-24 has the largest share in inactive population (28.1%), followed by the group 50-64 (21.1%). Most of the inactive population lives in the Central region (41.3%), while 24.7% lives in the Southern region.

2.4 Labour Market Trends

2.4.1. Trends of Basic Labour Market Indicators in the Period 2007–2010

The registered employment growth rates for 2007, 2008 and 2009, respectively, were higher than projected by the National Strategy for Employment and Human Resource Development for the Period 2007-2011, and amounted to 3.7%, 6.2% and 4.7%, respectively. In 2009, registered employment even reached its highest level in the past ten years and amounted to 174,152, or 66% total active population. However, the consequences of the economic crisis became evident on the labour market in 2010, when the number of employed persons decreased by 7.1% compared to the previous year, and equaled 161,742.

According to the Labour Force Survey, conducted by MONSTAT, employment is higher, and amounted to 210,700⁷ in 2007, while in 2010, it was 207,900. The annual employment growth rates for the years between 2007 and 2010 amounted to 19.2%, 4.3%, -3.7% and -1.9%, respectively. According to LFS, the rate of employment in the period concerned was 50.8% for 2008, 48.8% for 2009, while in 2010, it decreased by one percentage point and equaled 47.6%.

According to the data for 2010, the ratio between the number of employed persons and the number of working age population (over 15 years of age) was 40%, which is below the average of most other countries, but may not be deemed a low indicator according to standards (an indicator below 35% is considered low).

⁷Population of 15 to 65 years of age

With reference to unemployment, according to the Employment Agency data, unemployment was decreasing until 2009, when it grew leading to the number of 31,864 unemployed persons in 2010. The annual rates of unemployment growth for 2008 and 2009 amounted to 9.7% and 0.11%, respectively, while in 2010, there was a positive decline which equalled to 12.3%.

According to LFS data, there were 50,800 unemployed persons in 2007, while in 2010, unemployment remained almost unchanged, the number of the unemployed being 51,200. According to the aforesaid source, the annual unemployment growth rates for the period concerned equaled 31.7% (2007), 12.3% (2008), while the unemployment rate fell by 12.5% in 2009 and 1.7% in 2010. As the data shows, according to LFS, the number of unemployed persons is 60.7% higher than the number of the unemployed according to the register of the Employment Agency, which means that, according to LFS, one third of unemployed persons do not seek employment through the Agency.

According to the EAM data, the unemployment rate was constantly decreasing until 2007, but it did not change significantly in the period from 2007 to 2010. Thus, the data shows that the rate equaled 12.6% (2007), 11.3% (2008), 11.6% in 2009, and 11.8% in 2010. The LFS data on unemployment rate is somewhat different, but shows a similar trend. Thus, the rate for 2007 amounted to 19.4%, while in 2008, there was a significant decrease to 16.9%. Following this period, the rate shows again a trend towards growth, in particular to 19.2% in 2009, and to 19.9% in 2010.

2.4.2. Impact of the Economic Crisis on the Labour Market

The global economic crisis has had a negative impact on the labour market in Montenegro, primarily on the sector of industry. As early as in 2009, the Aluminum Plant (KAP), Ironworks Niksic, Bauxite Mines Niksic, Coal Mine Pljevlja started reducing their work force through restructuring programme, but the effects of the global crisis resulted in the reduction of work force being continued also during 2010.

Data analysis points to the conclusion that the crisis first affected informal employment and had primarily influenced foreign workers' job situation and those who worked in the shadow economy.

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 was decreasing from 46.9% in 2009 to 45.8% in 2010, and to 45.5% in the second quarter of 2011.

An age-specific unemployment analysis shows that unemployment increased the most among the members of the age group 15-24 during the last quarter of 2009, when the unemployment rate for this group rose to 42%, representing a growth of 11 percentage points compared to the same period in 2008. The unemployment growth among young persons continued also during 2010, when the unemployment rate for this age group reached 45.5%. Similarly, during the crisis, there has been an increase in the share of those waiting for employment over a year, which means that long-term unemployed persons are among those most exposed to the effects of the crisis.

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 that the crisis has not made those disparities greater.

The negative effects of the crisis have not reflected considerably on the salaries in Montenegro, considering that average gross and net salaries have been rising. However, the salaries in public sector decreased in 2009, while the largest decline in salaries, speaking of other sectors, was recorded in the sector of Ore and Stone Extraction (a decrease in salaries at around 3%).

2.4.3. Employment Features

A sector employment analysis indicates a similar pattern as in other transitional economies, where **employment in the service sector rises, 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 work in the industry sector; 6.2% in the agriculture sector; while 73.9% are employed in the service sector, also including public sector⁸. The increase in the number of employees in the service sector is primarily a result of the development of tourism, as well as the growth of economic activity in trade, real estate business and financial services.

Regional disparities constitute one of the characteristics of labour market. The employment rate in the Northern region (30.7%) is below the average for Montenegro by around 10 percentage points, and by around 14 percentage points compared to the other two regions. According to 2010, out of the total number of employed persons, 26.9% are employed in the Southern region, 50.2% in the Central, and 22.6% in the Northern region.

The age structure of employees is unfavourable. Thus, the employment rate is highest for employees of 25 to 49 years of age – 62.9%, while only 13.7% of young persons, aged 15-24, have jobs. In addition, according to 2010 data, young persons of 15 to 24 years of age constitute only 6.4% total number of employees in Montenegro, while the share of age group 55-64 in overall employment is 11.9%.

⁸It 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 22.5% (in 2001, the share of the sector amounted to 8.9%).

The gender-specific structure of employees shows that, on the average, 58% of the employed are men, while 42% employees are women. At the same time, employment rate for women is below the average employment rate by around 7 percentage points.

Of the total number of employees in Montenegro, 50.6% completed a secondary vocational education, while 18.0% of the employed received higher education. If we analyse employment rates according to the level of education, we conclude that the rate is highest for those with higher education: 71.7%, and the lowest for those who did not go to school, or did not receive elementary education in full. In addition, employment rate is also high for those who received secondary vocational education.

One of the characteristics of labour 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, 17,108 foreigners were employed in 2009, and 14,596 in 2010. Most of seasonal workers come from the Western Balkans countries, in particular from Serbia (42%), Bosnia and Herzegovina (27%) and Macedonia (23%). Skills shortages have been identified in tourism, hotel and restaurant management, and construction industry.

2.4.4. Unemployment Features

The problem of unemployment among young people is one of predominant issues of overall unemployment in Montenegro. Irrespective of the fact that youth unemployment has been decreasing for the last several years, according to 2010 data, it amounts to 45.5%, while the share of young persons of the total unemployment equals to 20%. Additionally, young persons represent the only age group whose unemployment rate is: (i) higher than the average (19.7% in 2010), and (ii) almost triple the rate for adults (for age group 25-64 -15%).

Long-term unemployment has also been decreasing, but it is still at a rather high level, amounting to 64.9% in 2010 according to LFS data, and to 58.9% according to the EAM data. The largest share among long-term unemployed persons pertains to those who have been seeking employment for 1 to 3 years – around one fourth of the long-term unemployed.

Looking at unemployment per regions, it is lowest in the Southern region, and highest in the Central region. The average unemployment rate for the Southern region is around 16%, around 48% for the Central (around 26% for Podgorica alone), while the average unemployment rate for the Northern region reaches around 36%.

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, IV or V. The structure of the unemployed according to work experience indicates that persons seeking employment for the first time constitute one fifth of the total number of unemployed persons in 2010. Among these persons, the largest share refers to those who received secondary education, while the lowest number

refers to those with 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 secondary schooling (nearly 30%), while the lowest unemployment rate is recorded among women with university 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, refugees and internally displaced persons, long-term unemployed persons, the unemployed in less developed areas, etc. The growing share of these groups of the overall employment is indicative. At the same time, they are in a bad financial situation over a long period, have slim chances to find employment due to a lack of skills, and are dependant on social welfare.

2.4.5. Labour Supply and Demand

Until 2008, the labour market in Montenegro had been featured by a relatively high demand benefitting from the economic growth. However, the economic and financial crisis led to a considerable decline in labour demand, in particular by one fourth in 2009, and additional one fifth in 2010. 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 sector of construction increased. As for the qualification structure the share of demanded unqualified and semi-qualified labour of the overall demand was 45.3%, the demand for secondary school education was reduced to 33.9%, while the demand for higher education amounted to 18.1% of the overall demand.

The overall labour supply in 2010 was increased by 3.9% compared to 2009, which is still less than in 2008. 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, by as much as 96.1% in the last five years. 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 2010, the supply exceeded the demand by 72.0%, employment constituted 28.6% supply and 49.2% demand. 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 numbers of job vacancies are recorded in the sectors of trade, tourism and hospitality industry, most frequently seeking secondary vocational education professionals.

2.5 Education

The percentage of children up to 7 years of age included in pre-school institutions in Montenegro is 21%, while it is considerably less in the North, from 5% to 14%. In the school year 2009/2010, there was an increase by around 5% in the number of children enrolled in comparison to the previous year.

The share of children from 6 to 14 years of age attending school is 99.7%, while the rate of completion of elementary school is 99%. According to the data for school year 2010/2011, elementary schooling includes 70,936 pupils. Enrolment in the first grade decreased compared to the previous year by 6%.

The number of pupils enrolled in secondary schools in the school year 2010/2011 is higher by 2% compared to the previous period. „Gymnasiums“ are attended by 32%, and vocational secondary schools by 68% secondary school children (of which 23.8% study economy, law and administration, while 22.6% study commerce, catering trade and tourism).

The vocational education and training system in Montenegro comprises programmes at three different levels, within which students are offered nearly 82 educational profiles—two two-year, 35 three-year and around 45 four-year programmes. The secondary vocational education infrastructure consists of 26 vocational and 11 mixed schools (gymnasium/vocational school). Vocational schools currently provide education in 14 occupational sectors.

In the winter semester 2010/2011, higher education institutions were attended by 25,169 students thus constituting a 6% increase compared to the previous year. Out of this number of students, 88% are full-time students. Also, during 2010, 3,083 students completed undergraduate studies at higher education institutions, i.e. 5% less compared to the previous year. However, there is a record in this year of an increase in the number of those who completed specialist studies (by 12%) and those who completed post-graduate studies (by 14%). The study programmes attracting the largest numbers of students include economy, law and electrical engineering.

2.6 Poverty and Social Exclusion

According to the MONSTAT data, the overall poverty rate for 2009 increased by almost two percentage points compared to the previous year, but it still is at a lower level than the one in 2007. Additionally, the poverty gap and depth of poverty also increased. At the same time, the

Gini coefficient⁹ shows a growth of inequality in Montenegro, since it increased by 1.4 percentage points to 26.7%, which is a slightly higher level compared to the one recorded in 2007.

Poverty has especially increased in rural areas (by 5.9 percentage points), while the corresponding increase in urban areas only went up with 0.2 percentage points. The risk of poverty in the Northern region is twice as high as the risk of poverty in the Southern and Central regions. The poverty rate in the Northern region amounted to 13.2% in 2009, while the rate of poverty in the Central region equaled 4.0%, and 4.4% in the Southern region.

Poverty according to the activity status strongly corresponds to the status on the labour market. Unemployed persons (poverty rate of 13.7%) and children up to the age of 15 (11.1%) are at major risk of poverty. The poverty rate among self-employed persons (e.g. engaged in agriculture for their own needs, or running small private businesses) amounts to 8.1%.

In addition, educational background of the breadwinner of a household, as well as the size of a household also have significant impact on poverty. Thus, the highest rate of poverty is for households, where the head (breadwinner) has not completed elementary school – 17.6%, while the poverty rate exceeding the average is for households with five or more members. Timely paid salaries provide for a low risk of poverty. In 2009, the lowest rate of poverty was recorded among households whose main source of revenues were wages from private sector (2.9%), while the highest poverty rate was recorded for households whose main source of income are „social transfers and other means“.

According to the UNDP 2009 National Human Development Report, 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 disadvantaged groups, due to poverty and social exclusion.

The survey shows that the rate of social exclusion at the national level amounts to 3.5%. The major departure from the average is recorded among RAE population, among which 14.1% households are socially excluded. Only around 20% RAE 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 persons (43%), while only 14% are old persons. Employment rate for this group is fairly low and equals to 6.5%, while every tenth beneficiary has not received any education.

⁹The Gini coefficient is a numerical indicator of the inequality of income distribution in the 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)

Long-term unemployed also face the problem of social exclusion, 10% of the households are socially excluded. Employment is sought for 38 months on the average, while one third of the long-term unemployed have been looking for jobs even longer. In addition, 82% long-term unemployed currently do not attend any training or school.

As far as displaced persons are concerned, 8.3% 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 access social services, employment, borrowing, etc.

In respect of persons with disabilities, the assessed number of whom equals to 7-10% of the overall population, 5% households are socially excluded. In relation to this group, the access to quality **health service** is in particular assessed as very low.

2.7. SWOT Analysis

STRENGTHS	WEAKNESSES
JOB CREATION. LABOUR MARKET CONDITIONS	
Taxation is lower than in most EU countries	Slower growth. Reduced potential for job openings in the economy/industry
Higher flexibility as a result of the reform of the Labour Code	Unfair competition represented by shadow economy offering jobs of lower quality
	Mismatch between labour supply and demand
Economic recovery (following the crisis)	High unemployment rate. High level of long-term unemployment. High rate of unemployment among young persons.
HUMAN CAPITAL DEVELOPMENT	
Decentralised education system established	Low level of participation in LLL
Demand for qualified workers in services sector (including constant growth in the sector of tourism)	Mismatch between the supply and the demand. Education and training system is not adjusted to labour market needs
Enhancing VET system and introduction of Montenegrin Qualifications Framework (MQF) in line with the Copenhagen Process are in progress	Connections between VET system and businesses are weak. VET system poorly adjusted to employers' needs

	A lack of incentives for investments in human resources and poor awareness of the need for such investments
	A low level of education among RAE population members
	A lack of cooperation among universities, science and research institutions and business organisations
SOCIAL INCLUSION	
Social welfare system established	Poverty. A large number of unemployed persons facing multiple deficiencies of the labour market
A mechanism for the integration of disabled persons in the labour market has been recently established	Social welfare is not targeted sufficiently well. A proactive method of social work is not developed to a sufficient extent
OPPORTUNITIES	THREATS
JOB CREATION. LABOUR MARKET CONDITIONS	
Growth in the sector of services	Decreased labour demand
EU accession process	Insufficient balance between flexibility and security
The function/role of the Employment Agency /Branch offices mediation enhanced	Limited resources for active labour market measures
IPA funds for HRD	Misdirected active measures assistance
HUMAN CAPITAL DEVELOPMENT	
Access to new training institutions and programmes	Constant lack of awareness of the importance of investing in HRD
IPA funds for HRD	
SOCIAL INCLUSION	
Assistance for vulnerable/disadvantaged groups improved and more active	Further deactivation of vulnerable/disadvantaged groups on the labour market
IPA funds for HRD	

PART III: Priorities and Objectives

PRIORITY 1: Increasing Employment. Reducing the Rate of Unemployment

The first priority is further improvement in economic conditions and regulatory environment (framework) in order to facilitate job creation, as well as to increase employment opportunities for those who are inactive in the labour market

Objective 1:

Stimulating Job Creation through Enhancing Business Environment and Labour Market Management. Striking the Right Balance between Labour Market Flexibility, Productivity and Security

Current State Assessment

A decrease in economic activity has been followed by a significant decrease in labour demand, but still the sector of small and medium-size enterprises continues to be the major generator of employment. Irrespective of the fact that the Government has been working to improve the business environment in the past period, enterprises still face significant barriers, including in particular: legal barriers; slowness, lack of expertise and lack of motivation of public administration; issues relating to taxes, customs duties, and licences and permits.¹⁰

It is evident that higher flexibility of the labour market has been achieved as a result of the reform to the Labour Code (2008) and its subsequent changes, promotion of social dialogue and defined Collective Agreements, as well as the adoption of the Law on Employment and Work of Foreigners (2008 and the changes in 2011). However, it is expected that the introduction of temporary employment agencies may contribute to additional flexibility of the labour market.

At the beginning of 2010, two new institutions were founded, the Agency for Peaceful Settlement of Labour Disputes, with a view to simplifying and reducing the costs of settlement of labour disputes, as well as the Labour Fund, for the purpose of protecting the workers whose jobs are no longer required, which led to enhancing the security on the labour market. The activities of the Labour Fund have, so far, been focused rather on the payments of salaries to employees of the companies previously dissolved, than on the support to restructuring

¹⁰“Competitiveness of Montenegrin Economy”, Ministry of Finance, December 2010

companies that currently operate. The Agency for Peaceful Settlement of Labour Disputes is still positioning itself in the processes of settling labour disputes.

Additionally, despite the fact that the crisis primarily brought about a decrease in the informal employment, it is evident that it is still present on the labour market (people work in unregistered companies, or they work as unregistered employees of registered companies), a statement supported by the difference in the number of registered employees and the number of employed persons according to LFS. At the same time, another form of shadow economy exists on the labour market, and it is partial registration of salaries of employees, so that, according to an ISSP¹¹ survey of the total number of registered employees, 17.5% have partially registered salaries.

The policies promoting equality on the labour market should be improved. Even if the existing legal anti-discrimination regulations are compliant with the EU standards, this is still an issue to ensure that all standards relating to anti-discrimination are fully applied in practice.

The Method of Implementing the Strategic Objective

Further **improvement in business environment** will be continued through the simplification of procedures (business registration, paying taxes, issuance of building permits, etc), as well as through a further reform of public administration and promotion of its efficiency.

The policy of providing **support to employers in order that they maintain employment at the current level and open new jobs** will also be continued during the period 2012-2015. An open **social dialogue**, which will be devoted to finding an appropriate balance between flexibility and security, will be also continued and will represent a significant priority.

Security and equality on the labour market will be further promoted through ongoing efforts in the **application of adopted anti-discrimination laws**, through strengthening the Labour Inspectorate and the activities aiming at the suppression of shadow economy.

Another manner in which an attempt will be made to design incentives for job creation, is - especially in the first period of implementing the Strategy - to explore the possibilities of **extending the value chain through cluster development**, among farmers in the North through connecting them with the tourist companies in the South, and also by providing support to cluster development in other sectors, at a later stage.

¹¹Institute for Strategic Studies and Projections 2007

Objective 2:

Increasing the Efficiency of Active Employment Policy Measures with a Special Emphasis on the Integration of Long-Term Unemployed, Unemployed Youth and Unemployed Women on the Labour Market

Current State Assessment

For several years, a relatively large number of active employment policy measures have been implemented on an ongoing basis through the EAM. Along those lines, the focus should be on vocational training (retraining, additional training, etc), the programme for stimulating first employment through subsidised salaries for apprentices, the programme for stimulating small business start-ups, and also, in 2009 and 2010, the programmes aiming at inclusion of a larger number of hard-to-place unemployed..

When implementing active employment policy measures the priority has been given to programmes providing for immediate employment (i.e. the programmes for known employers), programmes implemented in less developed self-government areas (municipalities), as well as to programmes targeting inclusion of hard-to-place persons.

The programmes of active employment policy measures implemented through the EAM have been including 20% of the registered unemployed persons per year, even though, in 2011, there has been a reduction to the number of the programmes implemented, due to budgetary restrictions. The shares of women and young persons in these programmes are proportionally larger than their respective shares in the total number of unemployed persons.

Despite the fact that active employment policy measures are implemented in Montenegro to an increasingly larger extent, they still do not have a more substantial impact on the most disadvantaged groups of the unemployed, which, according to an ETF report, is not only a result of the amount of financial resources, but also a consequence of limited institutional capacity for implementation and monitoring. Even though the participation of unemployed persons in these programmes is significant, there are not any comprehensive analyses and data relating to the results of these programmes. A low level of participation of disadvantaged groups of individuals and disabled persons, as well as a high and still growing rate of long-term unemployment, indicate that the EAM will have to target hard-to-place categories to a higher extent.

The system of job seeking and brokerage involves various tools and methods, including the classification of unemployed persons according to the level of qualifications, degree of employability, etc, then group counselling, job search clubs and the information on job vacancies provided to the unemployed through mobile telephone text messages. However, the system of job seeking and brokerage needs to be improved in terms of a more efficient cooperation between the EAM and employers.

The Method of Implementing the Strategic Objective

This objective aims at a better match between supply and demand, and **increased efficiency of activation policies**, with a special emphasis placed on the integration of long-term unemployed persons and youth, primarily through active employment policy measures.

In order to achieve the objective set, it is necessary to further **upgrade the existing measures of active employment policy** and to increase their efficiency by giving the priority to the programmes that provide for direct employment and establishment of an adequate monitoring and evaluation system.

Special attention will be devoted to **improving employment opportunities, in particular for long-term unemployed, and to assisting young persons in acquiring their first practical work experience**. The programmes targeting hard-to-place categories will also be implemented through the activities such as: public works, establishing job search clubs, as well as other special programmes and projects.

Development of the system of direct communication with employers will continue through upgrading the EAM information system, organising employment fairs, etc.

In the process of implementing active employment policy measures, the priority will be given to less developed local self-government areas in conjunction with the development of **local partnerships in tackling the issues relating to unemployment**.

All the activities that will be implemented in order to achieve this objective, will take into account the importance of promoting equal opportunities for women, with the aim of **increasing the participation of women in the labour market**.

Through the provision of professional orientation services, **an improvement will be made to the system of professional information**, counselling and professional selection of and guidance to recipients of those services in respect of career choices, types of training, job seeking, etc.

Objective 3:

Increasing Self-Employment. Stimulating Entrepreneurship, particularly in the Underdeveloped Areas of Montenegro

Current State Assessment

The support for entrepreneurship, which has been provided over the recent years, includes non-financial and financial support to those who would like to start their own businesses.

As far as non-financial support is concerned, it is provided by the Directorate for Small and Medium-Sized Enterprises through the activities such as advisory services, training

programmes and the like, and by the EAM through special training programmes for unemployed with a view to increase their entrepreneurial capacity. Additionally, there are two business incubators, one in Bar and one in Podgorica, respectively, which provide to their beneficiaries (23 in total) various types of training, advisory services relating to business registration and management, IT support, as well as lower costs of business premises.

Financial assistance for the creation of new jobs is provided by EAM through the programme of support for self-employment, within which funds in the amount of €5,000 are provided for a new job created (the maximum amount of the loan is €15,000). Since the beginning of the implementation of this programme (1999), around 16,000 new jobs have been created. In addition, the Investment and Development Fund also grants direct investment credits up to the maximum amount of €50,000 for a business start-up. The Fund also has special credit lines for entrepreneurs and farmers. However, this funding includes partly self-financing made by the entrepreneur, or the possession of appropriate business premises.

Despite the aforesaid existing options, Montenegrin companies believe that the unavailability of loans and risk capital, as well as of the EU funds, represents a constraint on the development of entrepreneurship and innovative activities.

The concept of social entrepreneurship, which still has not found its place in Montenegro, may contribute to the creation of alternative new jobs, in particular for those who are members of the most vulnerable groups of population. Social entrepreneurship helps to reduce poverty through the exploitation of the activity potential. It should be noted that the concept of social entrepreneurship is developing dynamically in the EU member countries. Social entrepreneurship is being increasingly considered as an alternative and innovative tool to promote social inclusion and activation of the most vulnerable groups of population. Social entrepreneurship has been set as a priority thematic area to be financed from the European Social Fund (ESF) from 2013 to 2020 (in the Draft Law on ESF of 6 October 2010). This is also one of the areas to be supported within the new programme of the European Commission, Programme for Social Change and Innovation.

The Method of Implementing the Strategic Objective

This objective aims to increase self-employment and to boost the development of entrepreneurship, especially in less developed local self-government areas in Montenegro, through the provision of financial and other services to entrepreneurs and small and medium-sized enterprises.

The objective will be achieved through the activities focused on **stimulating entrepreneurship through self-employment loans** for unemployed persons, the provision of training to those who start their own businesses, as well as through further development of business incubators and the network of business centres across the territory of Montenegro, with a special emphasis on the Northern region and entrepreneurship among women.

It is necessary to work on the way to take the opportunities for using IPA and other international funds to start businesses in the sector of agro-tourism and similar sectors, especially in the Northern region.

In addition, efforts need to be put in the **creation of the national model for social entrepreneurship**, the implementation of which would contribute to better social inclusion and economic emancipation of disadvantaged groups, through: an analysis of the current state and the conditions to apply the concept of social entrepreneurship, as well as of the initiatives that may be developed as models for social economy, the implementation of pilot projects, especially in the North and for the most disadvantaged groups, then by increasing the level of knowledge of social partners on the concept of social entrepreneurship, the creation of legal framework for the development of this concept, as well as through the implementation of programmes and projects intending to start initiatives for development of social entrepreneurship projects.

PRIORITY 2: Improving Knowledge, Skills and Competences with a View to Increasing Employment Opportunities, and Increasing Competitiveness through Formal Education and Non-formal Learning and Training

The second priority relates to the investments in human capital through formal and informal system of education at all levels of education, through the stimulation of lifelong learning and professional development of employed persons with a view to matching the supply and demand on the labour market, through connecting research and development with businesses and through increasing economic competitiveness.

Objective 1: Promoting Adults' Access to and Participation in Lifelong Learning. Raising Awareness of the Importance of Lifelong Learning

Current State Assessment

Lifelong learning implies an ongoing acquisition of knowledge, skills and competences through formal, informal and non-formal education, throughout life, with a view to achieving higher competitiveness and permanent employability.

The Adult Education Strategy (2005-2015) provides for priority objectives through which the tendency is to create prerequisites for the approximation of Montenegro to the ideal of "learning society". In the past five years, 74 new education programmes for occupational training, retraining and additional training were adopted, and 36 education programmes of adult education providers were accredited in Montenegro.

However, the concept of lifelong learning is still not sufficiently promoted and developed. Only 1.84% of the total number of employees participated fully in some sort of training or skills development in 2009. The private sector in Montenegro makes rather small investments in ongoing training for employees (in 2009, financial resources for training amounted only to 0.57% of gross revenues (EAM, 2009), the main reasons for which are said to be a lack of tradition in providing such training, and a lack of funds. Only 25.2% of companies engaged in manufacture offered formal training to their employees, while 20-25% of employees in the tourism sector completed some form of training in 2009.

Even though there is a great need for adult education, apart from the low demand, the problem of educational supply is also evident: underdeveloped network of adult education providers, insufficient andragogical didactic and methodological capacity of teaching staff working in adult education, uneven territorial distribution, and unvaried educational supply. Such supply of adult education does not sufficiently meet the needs of employed and unemployed persons, in particular of low qualified workers and long-term unemployed. There are institutions (secondary schools, private schools, faculties, NGOs) that constitute a potential for the delivery of adult education and training, but the number of institutions licensed for adult education is insufficient.

The reason for a mismatch between adult education supply and labour market demand is reflected in the fact that there is not a comprehensive analysis of skills needs to serve for a design of a concept of „providing services to businesses“. A significant deficiency in adult education is also reflected in the lack of indicators to monitor and measure success in achieving objectives and outcomes of training programmes offered to adults. Even though the professional standards and curricula have been revised, training in practical skills, training in key competences, and the overall quality of vocational education are still underdeveloped.

Montenegro recognised research, technological development and innovation as key factors for the development of competitiveness of Montenegrin economy. However, the science and research sector in Montenegro is still featured by poor infrastructure, small number of researchers (only 1.8 full-time researchers per 1000 employees), small number of patents and innovations, weak connections between this sector and businesses, as well as by a low level of investments in research and development.¹²

At the same time, 90% all researchers in Montenegro is employed by universities, while 70-80% researchers worldwide is in businesses, 10% in national laboratories and only 10% at universities. The official data on the share of businesses in funding research and development does not exist, but it is estimated to be at the level of 0.04% of GDP¹³, which indicates a very weak link between science/research institutions and businesses.

The Method of Implementing the Strategic Objective

This objective aims to promote adults' access to and participation in lifelong learning.

In order to achieve this objective, it is necessary to work on raising the awareness of the importance of investing in human resources, and on **promoting the importance of lifelong learning** thereby improving the skills of employed and unemployed persons. This should be done through trainings by employers and institutions combined with the creation of better conditions for cooperation between research sector and businesses.

In order to increase the efficiency of adult education programmes, efforts will be put in **establishing a system for quality assessment of programmes** based on results. In addition, the support for conducting analyses to identify the needs for certain skills and knowledges, will be initiated and provided.

Special attention will be devoted to the **development of qualification frameworks for sectors, and to the development of occupational standards and adult education programmes**. This will provide the opportunity for advancement within a sector, the opportunity of acquiring one and the same qualification in different manners through formal, informal and non-formal acquisition of knowledge.

¹² Montenegro in the 21st Century – in the Era of Competitiveness, Montenegrin Academy of Sciences and Arts (CANU)

¹³ ISSP survey

With reference to the above, conditions will be created for the **recognition and validation of non-formal and informal learning outcomes** for acquired knowledge, skills and competences (key competences), which are not related to a profession only, but are rather important for success and keeping up with new information technologies and labour market trends. To that end, **entrepreneurial learning will be promoted** and trainings conducted, which will raise the awareness among adults of the manner and advantages of running an independent business.

At the same time, it is necessary to provide an ongoing training to develop andragogical didactic and methodological **capacity of teaching staff who work in adult education**, both with adult education providers, and other institutions engaged in adult education and training. In this respect, it is important that there is a close cooperation with other policy areas, such as youth, sports, culture, social affairs, employment, etc.

More CIPs will be set up, and the network of licensed education providers will be further expanded, especially in the North of Montenegro. In order to provide for a good quality of the training delivered by adult education providers, further efforts will be put in the professional development of the staff working within these institutions.

In addition, IPA funds may be used for the pilot projects of co-funding trainings for employees (especially in small and medium-sized enterprises) with a view to developing and improving the skills that are crucial for an increase in the competitiveness of an enterprise, in particular the **promotion of „green jobs“**. It is rather important also to make these trainings be partly funded by the companies themselves.

In order to provide for an adequate orientation of research towards the real needs of the business sector, as well as for a **transfer of research outputs onto the market**, efforts will be put in stimulating cooperation between research and development, and economy.

Objective 2: Increasing the Quality of Education at All Levels and Adjusting the Education System to the Labour Market Needs

Current State Assessment

A low level of inclusion in early and pre-school education not only defines the quality of education at higher levels, but a better access of education at this level also assists women to better reconcile family and professional life (and thus it has a positive effect on the activity of women and their entering into employment).

The quality of education in Montenegro is not satisfactory, which was also illustrated by the PISA assessment 2006, showing that the major performance of Montenegro on the scale including science, literacy and mathematics, was below the OECD average. There is clearly a need to reduce teaching programmes and plans in order to create a space for the acquisition of operational knowledge, use of ICT, knowledge of languages and other skills, which will make it easier for young persons of tomorrow to find their place on the constantly changing

labour market. In addition, teaching processes have still not been fully reformed. It still follows the traditional model in which the teacher is only a „transferer of knowledge“, operating in a limited mode of lecture-assessment-evaluation. The learning process is still focused on memorising facts, not on an inquisitive and innovative approach to mastering knowledge.

The low quality of elementary education is also one of the reasons for which the vocational education and training system (VET) has not so far been able to produce good quality results and contribute to decreasing the skills shortage and mismatch on the labour market. Occupational profiles and secondary vocational education curricula in Montenegro have been expanded and updated in order to be able to respond to the current restructuring processes in the economy, but students who complete secondary vocational schools continue to face a high probability of being jobless, compared to those who have chosen a path of general education. While lack of interest among students in some occupational profiles represents one of the reasons for the mismatch between skills' supply and demand, it is evident that the VET policy has not been sufficiently pursued and based on comprehensive analyses and prognoses relating to skills needs. Additionally, key competences and „soft“ skills are not sufficiently, or systematically included in secondary (general and vocational) education curricula, which impedes adaptability and flexibility of work force at later stages, i.e. in terms of ability of the employed persons to move relatively easy across sectors and professions on a rapidly changing labour market.

Even though there is a positive trend in terms of an increased rate of enrolment in higher education, it is evident that the study programmes offered at higher education institutions are not sufficiently adjusted to the actual needs of the labour market, which results in an increased number of unemployed persons holding university degrees.

The fact that the quality of education in Montenegro is rather varying, both within higher education institutions as a whole and within different study programmes at the same higher education institutions makes it imperative for all higher education institutions that the teaching plan and programme are as interdisciplinary as possible, i.e. that minimum 20% elective subjects are provided in the teaching plan and programme. A special challenge that arises is to enhance the entrepreneurial and innovative component of the education at all higher education institutions. The development of study programmes and qualifications needs to correspond with the qualification framework and labour market needs, resulting from an in-depth analysis and good cooperation among higher education institutions, the Employment Agency and all stakeholders directly or indirectly responsible for the quality of the programmes themselves. One of the problems is also the lack of practical training during studies and focus on solving practical problems which students will tackle within their professions.

The Method of Implementing the Strategic Objective

The education system reform aiming at increasing the quality and a better adjustment to the labour market needs will continue this activity. The goal is to enable future labour market participants to respond to the rapidly changing and growing needs of a modern labour market,

providing them with key competences that every individual needs in order to be successful in a knowledge-based economy.

Montenegro will continue to improve the openness and relevancy of the education system, in particular through **establishing the national qualifications framework, introducing career guidance in schools, training teachers** to take a new approach in delivering the teaching plan and programme, improving assessment and evaluation of knowledge, skills and competences of students.

Initiatives will be taken to develop early and pre-school education with a view to improve the quality and provide labour market activation of people who are inactive because they are taking care of pre-school children. Special attention will be devoted to the **inclusion of students-members of most vulnerable groups of population in early and pre-school, as well as in elementary education.**

Enhancing the capacity of vocational education system to respond to changing labour market requirements will be implemented through the **development of qualifications, credit-based evaluation and unitisation of education programmes.** The development of qualifications provides for the possibility to make progress and advancements within a sector, the possibility to acquire one and the same qualification in different manners through formal, informal and non-formal acquisition of knowledge.

The fundamental and strategic aim of the development of vocational education to serve better employability is also **participation of social partners in policy formulation and planning,** delivery, monitoring and evaluation of vocational education, which is provided by their participation in working bodies and the National Education Council.

One of the primary tasks is also to create the conditions so that teaching practice is dominated by students' activities in building a system of knowledge in order to create the conditions for improving the quality of knowledge by complementing and upgrading key competences, without neglecting technical skills. Thus, knowledge will be featured by durability and applicability, while the teacher will be the one to guide, advise, motivate and stimulate students to search for and acquire new knowledge, which will influence the quality of knowledge and raise awareness of the need for lifelong learning.

In addition to the activities conducted related to the **introduction of the subject of Entrepreneurship in the formal school system,** consideration should still be given to improving the knowledge of students and young persons so that the new generation are prepared to enter the world of entrepreneurship, knowing the basic principles underlying modern society, taking a positive attitude to obligations, legal framework and responsibilities of the society with a view to creating a more favourable environment for professional development and development of a knowledge-based society.

One of the basic priorities for achieving positive results in this area is also training of the teachers at schools, as well as lecturers providing adult education. Therefore, it is necessary to develop a good quality methodological framework supporting the establishment and

implementation of quality assurance system at the national level and at the level of institutions through: mastering knowledge and skills in accordance with education standards, the quality of planning curricular and extracurricular activities, the quality of teaching process, administration, management and provision of work conditions in terms of human resources, material and technical prerequisites, safety, and support provided to students and course participants by the institution, as well as **cooperation between institutions and the local community**.

In order to improve the quality of higher education in Montenegro and to create a recognisable image of higher education institutions, it is necessary to **innovate and develop new programmes** in accordance with the national qualifications framework, to assess the quality of higher education by assessing the adjustment of study programmes to the actual labour market needs, and to evaluate the quality of the teaching process and mentorship.

At the same time, special attention should be dedicated to increasing the future opportunities for students to be included in the labour market, through **enhancing the entrepreneurial and innovative feature of education**, innovating study programmes as to be sufficiently oriented towards practice and research, and through improving the knowledge of the English language among students.

It is also necessary to put efforts on improving the **mobility of students**, researchers and teaching staff; internationalisation of higher education and the organisation of the teaching process in the English language, fully or partly.

Improvement of the institutional capacity will be focused on **improvement of the operation of the Higher Education Council**, as well as on the development of policies of the Ministry of Education and Sports, higher education institutions and Higher Education Council, with a view to strengthening the capacity of their human resources.

PRIORITY 3: Promoting Social Inclusion and Reducing Poverty

Third priority relates to the provision of support to the most vulnerable groups of population, with a view to creating an inclusive society, i.e. society for all.

This task is closely linked to measure 5, objective 2 under Priority 1.

Objective 1: Improving the System of Social Benefits and Social Services to Better Target and Cover Vulnerable Groups

Current State

The overall expenditures for social welfare (including pensions and administration costs) in Montenegro amounted to 14.29% of GDP in 2010. The benefits not based on insurance (material support to families, child allowance, personal disability benefit, allowance for external

care and assistance, etc) constitute 14.35% of total expenditures, i.e. 2.05% of GDP. Material support to families is one of the fundamental rights arising from social welfare, both in respect of the share in the overall budgetary expenditure (around 0.5% of GDP) and in relation to the number of recipients.

According to a World Bank analysis¹⁴, the overall coverage of social welfare is extremely high, primarily due to a high percentage of the population of the poorest quintile, who receive at least one type of social benefits (in the period 2006-2009, the share ranged between 92 and 94.4%), whether or not contribution-based. However, the coverage of benefits that are not based on contributions is extremely low, since only 21% of the poorest quintile receives some form of social assistance from that source.

The fact that Montenegrin social and child welfare system is centralised, with relatively limited capacity of centres for social work and a lack of an integrated database on recipients of all benefits, hinders the development of social services and the quality of performance of social workers.

According to the report, the employee structure of the Social Work Centre (SWC) in Podgorica includes (client oriented) experts of different profiles – only 40%, while the remaining 60% are administration staff¹⁵. An analysis of performance of the SWC, conducted by UNICEF, confirms inadequate work conditions of SWC, in the sense that the operation of social workers is more about collection of documentation and administration, than the essential social work with beneficiaries and their families. At the same time, the number of cases per social worker frequently exceeds the standard for providing a good quality service to the beneficiaries.

Passive labour market policies aiming at social security cover one third of unemployed persons. However, even though the unemployment benefit is low, a relatively large number of beneficiaries receive the benefit in a longer period, which decreases their motivation for active inclusion in the labour market.

The Method of Implementing the Strategic Objective

This objective aims to improve the social welfare system, primarily the system of social benefits, so that these **benefits will be targeting those who need them the most**, in the best possible manner, and those are members of the most vulnerable and disadvantaged social groups. The fulfilment of this objective includes the achievement of better coverage of socially

¹⁴Source: Presentation “Social Safety Nets in the Western Balkans: Design, Implementation and Performance” (Update on Montenegro safety net effectiveness), Policy Round-table, Montenegro, March 2011, Boryana Gotcheva and Victoria Strokova, World Bank, Europe Central Asia Region

¹⁵ECCU4 Regional Safety Nets ESW/TA, Case Study for Montenegro: “Social safety net in Montenegro”, Ana Krsmanovic, June 2009

most disadvantaged groups, on the one hand, and on the other, activation of those individuals, recipients of social assistance, who are able to work.

The objective will be achieved through the activities aiming at: **legislative changes**, primarily changes of the Law on Social and Child Welfare, improvement in services provided by Social Work Centres, by enhancing their professional knowledge and skills, as well as by improving communication between the Centres and EAM, better knowledge of social rights among citizens, as well as through additional activation of working age recipients of social welfare on the labour market.

Objective 2: Integration of Disabled Persons in the Labour Market

Current State

Persons with disabilities represent one of the categories of persons facing obstacles to employment, because the problems such as: health limitations (reduced working ability), low self-esteem, employers' prejudices against their work abilities, inadequate education, lack of education or work experience, difficulties in adjustment/adaptation (work environment, society), low level of social support, etc, prevent them from integrating in the labour market on an equal footing with other persons, i.e. from being competitive on the labour market and integrating in the society. It is necessary to identify the obstacles and problems affecting an unemployed person, which represent obstacles to employment, and then overcome those obstacles and problems through appropriate programmes of professional rehabilitation.

According to the data of the Agency, the register of the unemployed includes, per year, in average 2,500 persons with disabilities (2000 workers with disabilities and 500 categorised persons). An estimate of non-governmental organisations dealing with the issues of persons with disabilities is that the number of such persons not registered with the Agency exceeds the number of those included in the register. At the same time, it has been estimated that the register includes a significant number of hard-to-place persons whose status needs to be established in terms of disability and remaining work ability, and evaluated in terms of employability.

In 2008, the Law on Professional Rehabilitation and Employment of Persons with Disabilities was adopted, constituting a legal framework for the implementation of programmes of professional rehabilitation, stimulation of faster employment of persons facing obstacles and their equal participation in the labour market, including the removal of barriers and creation of equal opportunities.

However, irrespective of the legal provision for the quota system regarding the employment of persons with disabilities, granting subsidies to employers who give jobs to persons with disabilities, and other stimulating measures set out in this law, their effects still do not meet the expectations in practice.

Employers rather pay a special contribution to the Fund for Professional Rehabilitation and Employment of Persons with Disabilities, than employ persons with disabilities.

With a view to removing certain deficiencies in the application of the aforesaid law, related changes and amendments were adopted in July 2011, including, *inter alia*, the provisions for state authorities, allocation of certain subsidies in the amount of 100% justified expenses, grant-schemes and other stimulating measures posing better incentives for employers to hire disabled persons.

The Method of Implementing the Strategic Objective

Employment is one of the important methods on **fight against social exclusion and on creation of opportunities for persons with disabilities to be integrated in the society**, on removing prejudices against their potential and work abilities, on having more trust in their capacity, so that they can achieve their aspiration to become included in work processes, to provide means of subsistence for themselves and their families, and to feel that they are contributing to the society.

This objective will be achieved through: the programmes of vocational guidance and counselling, whereby persons with disabilities will be provided assistance in choosing and changing occupation, as well as in searching for employment; active employment policy programmes, **programmes for professional rehabilitation and employment programmes, through the allocation of subsidies and grants.**

Objective 3: Integration of RAE Population, Refugees and Displaced Persons in the Labour Market

Current state

According to the UNDP Report for 2009 „Montenegro-Society for All”, the Roma population is one of the groups that suffer the most from the social exclusion. There are many reasons for this situation, but among them the most important is the lack of education, high illiteracy and high unemployment rates, strong social prejudices and traditional stereotypes towards RAE population, as well as the unresolved legal status of many RAE in this country.

In accordance with the ISSP's survey, on which the mentioned Report is based, the percentage of the RAE population engaged in some type of gainful activity (including employment) is 17%. The gender gap is evident and women's labour market participation in the total number of employed RAE is only 16%. For the majority of this population, the long-term unemployment is chronic and the possibility of them getting employed is very limited.

Since they usually get the low paid jobs, the RAE also express their dissatisfaction when they, after lot of problems, finally get employed.

The UNDP Report shows that the refugees and displaced persons are held on second position as a group as regards the poverty level they are facing with. Additionally, 80% of this population group is inactive. Their main problem is the unresolved legal status, because without having the status of a foreign national with permanent residence status, they do not have the right to formal employment and for that reason they often accept undeclared jobs. Further, since they do not meet the terms for obtaining a bank loan, they are not in a position to start their own business.

The survey findings show that the employment percentage of displaced RAE population from Kosovo is significantly lower than the employment percentage of other displaced persons and refugees.

Additionally, the victims of violence and human trafficking, as well as the returnees on the basis of re-admission, are in a particularly vulnerable social situation.

Measures and Activities

The objective aims at providing support to the RAE population, refugees and displaced persons, as well as to other socially vulnerable groups, at increasing the employability and employment in order to reduce their poverty and social exclusion and to make them active and fully fledged members of the Montenegrin society.

The objective will be achieved through the activities that are to provide **improvement of access to social and children's rights** for these groups and harmonisation of law regulations, first of all the Law on Social and Child Welfare and the Law on Foreign Nationals, **better social care for the RAE women** with more children, increased surveillance and care of RAE children, especially in the terms of eliminating begging, and continuous **monitoring and registering the changes in the social status of the RAE population**.

There will be continuous activities on **improving the education and training** of this population as a precondition for designing and implementing special programmes for their greater integration in the labour market. **The employers will be additionally motivated with the aim to employ this population.**

PART IV: Mechanism for the Implementation of the Strategy

Within the framework of the Government of Montenegro, the Ministry of Labour and Social Welfare will be responsible for the overall coordination of the implementation of the Strategy and monitoring the effects by establishing the National Employment and HRD Council which will consist of representatives of the Ministry of Labour and Social Welfare, Ministry of Education and Sports, Ministry of Economy, Ministry of Science, Ministry of Sustainable Development and Tourism, Employment Agency of Montenegro, Statistical Office, VET Centre, Directorate for Small and Medium Enterprises, as well as the representatives of social partners such as the Montenegrin Employers Federation, Union of Free Trade Unions of Montenegro, Confederation of Trade Unions of Montenegro, and the representatives of the non-governmental sector.

The action plans as a part of the Strategy will be designed and agreed upon on the annual basis and whereby a flexible management of the Strategy will be enabled. Every action plan will be designed on the basis of a monitoring and analysis of the labour market situation, on the assessment of results and evaluation of activities carried out in the previous year within each objective of the Strategy, as well as on the available budget for that year.

The monitoring and planning function will be supported by the recently developed Information platform that will, together with the data on results of measures and activities submitted by the institutions in charge of their implementation, represent the basis for shaping the employment measures, designing new relevant legal instruments, etc.

The reports on implementation of the activities in the Action Plan will be submitted annually to the Ministry in order to enable the preparation of the action plans for the next period. For reporting on the process of implementing the objectives of the Strategy, the following structure will be used:

Objectives of the Strategy	Institution responsible for reporting	Partner Institution
Priority 1		
Objective 1	Ministry of Labour and Social Welfare	Ministry of Economy, Ministry of Finance, Ministry of Agriculture and Rural Development
Objective 2	Employment Agency of Montenegro	
Objective 3	Employment Agency of Montenegro	Directorate for SME

Priority 2		
Objective 1	Ministry of Education and Sports	VET Centre
Objective 2	Ministry of Education and Sports, Ministry of Science	Directorate for SME and Employment Agency of Montenegro
Objective 3	Ministry of Education and Sports	
Objective 4	Ministry of Education and Sports	
Priority 3		
Objective 1	Ministry of Labour and Social Welfare	
Objective 2	Employment Agency of Montenegro	
Objective 3	Ministry of Labour and Social Welfare	Employment Agency of Montenegro
Objective 4	Ministry of Labour and Social Welfare	

The funds for implementation of the objectives (annual action plans) will be mainly allocated from the annual national budget.

The funds allocated for the active and passive measures implemented by the Employment Agency of Montenegro will constitute the most significant part of the budget of all annual action plans to come.

Additional funds will be generated from the private sector and local self-governments – due to implementation of the mechanisms for co-financing in case of certain measures (such as subsidized employment, on-the-job training, etc.).

Additionally, the Government of Montenegro is aiming to increase contributions, i.e. resources from available IPA programmes for the purpose of implementation of the Strategy. For this reason, the process of designing measures and schemes co-financed by the IPA funds – Human Resources Component will be closely coordinated with the implementation of the Strategy in order to strengthen the link between the available EU funds and the national key employment policies – also having in mind the future participation of Montenegro in the EU structural policies (European Social Fund). However, it should also be emphasized that the IPA Component for Human Resources should not be seen as solely contributing to employment, but to other IPA components as well (components for regional and rural development).

PART V: Annex NATIONAL ACTION PLAN for Employment and HRD - 2012

PRIORITY 1: Increasing Employment. Reducing the Rate of Unemployment

Objective 1: Stimulating Job Creation through Enhancing Business Environment and Labour Market Management. Striking the Right Balance between Labour Market Flexibility, Productivity and Security.

	<i>Measures / Activities</i>	<i>Results / Indicators</i>	<i>Lead responsibility/ Partner institution</i>	<i>Estimation of needed funds</i>
1.1.1.	Simplifying the procedure for business registration	<ul style="list-style-type: none"> • Assessment of impact on employment • Added number of enterprises • Number of days for registering 	MF/ ME, MSDT	-----
1.1.2.	Simplifying the procedure for paying taxes			
1.1.3.	Simplifying the procedure for issuance of building permits			
1.1.4.	Improving improve the work of the Register			
1.1.5.	Introducing RIA in the process of drawing up the laws			
1.1.6.	Providing investment support for the small and medium enterprises	<ul style="list-style-type: none"> • Number of approved loans per type of enterprise • Number of approved loans (holder of the loans-women) • Number of newly opened jobs/sustainable jobs 	IDF	20.000.000 EUR
1.1.7.	Defining terms for obtaining grants and loans as regards opening of new jobs	<ul style="list-style-type: none"> • Rulebook 	MLSW / EAM	-----
1.1.8.	Linking agriculture with tourism in order to promote employment especially in the northern region by providing support to the clusters development	<ul style="list-style-type: none"> • Completed analysis of value chain • Possibilities for clusters development, number of established clusters 	ME / MARD, MSDT	ETF- Project
1.1.9.	Continuing the work and dialogue within the framework of the Social Council with the aim to achieve consensus on ensuring macroeconomic stability and joint efforts for reducing economic turbulence by developing flexsecurity principle		SC / MLSW	20.000 EUR

1.1.10.	Intensifying the work of agencies for temporary employment as a tool for promoting flexsecurity on the labour market and creating new jobs	<ul style="list-style-type: none"> Number of people they employ, number of agencies 	MLSW	-----
1.1.11.	Promoting among both employees and employers the importance and advantages of using the Agency for Peaceful Settlement of Labour Disputes. Building capacities of the Agency as a professional mediator	<ul style="list-style-type: none"> More companies and employees that need help use the Agency's services Number of settled disputes 	Agency/ MLSW	20.000 EUR
1.1.12.	Enhancing the implementation of adopted anti-discriminatory laws by raising the awareness and cooperating with the civil sector	<ul style="list-style-type: none"> Promotions, round tables 	All institutions	-----
1.1.13.	Improving the capacities of competent inspections to efficiently protect the rights of employees and to fight undeclared work. More direct cooperation between the Labour Inspectorate and social partners.	<ul style="list-style-type: none"> Number of Labour Inspectorate's controls Number of imposed measures Number of conducted educational programmes 	MLSW/ Labour Inspectorate	Twining Project for the Labour Inspectorate
1.1.14	Further improvement of capacities in the MLSW, especially as regards employment policy coordination and planning	Reports for 2012 prepared on the basis of programmes' effect analysis, Action plans for 2013 fully prepared on the basis of situation assessment and programmes' effects in the previous period	MLSW / MES, EAM	-----

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

	Measures / Activities	Results / Indicators	Lead responsibility/ Partner institution	Estimation of needed funds
1.2.1.	Implementing education and training programmes for unemployed persons especially through programmes for known employer	<ul style="list-style-type: none"> Change in the number of persons involved in programmes as a percentage of the total number of unemployed persons compared to a previous period 	EAM	130.000

1.2..2	Implementing programmes intended for long-term unemployed and hard-to-place persons ¹⁶ through the programme for promotion of career education, public works, establishment of job search clubs and other special programmes and projects	<ul style="list-style-type: none"> • Change in the number of long-term unemployed and hard-to-place persons as a percentage of total number of programme participants compared to a previous period 	EAM	370.000
1.2.3	Helping the youth to obtain first practical work experience by financing internship, voluntary work and practice	<ul style="list-style-type: none"> • Change in the number of youth participating in the programmes for practical work experience compared to a previous period 	EAM	2.575.000 EUR
1.2.4	Providing career guidance services to all individuals who need this type of service ¹⁷	<ul style="list-style-type: none"> • Change in the number of individuals covered by the career guidance services compared to a previous period 	EAM	15.000 EUR
1.2.5	Designing grant schemes that are in line with the EAM programmes and based on the local partnership principles with the diversification of types of service providers for unemployed persons	<ul style="list-style-type: none"> • Designed grant scheme 	MLSW/ MF – Sector for Finance and Contracting of the EU Assistance Funds	IPA- HRD Component
1.2..6.	Raising the level of connection between the employers and unemployed by improving the information system and developing types of direct communication with employers (IT connection/data sharing, employment fairs, round tables, etc.)	<ul style="list-style-type: none"> • Improved IT connection/data sharing • Number of employment fairs • Number of round tables 	EAM	15.000 EUR
1.2..7.	Motivating unemployed, especially youth and women, to get seasonal employment	<ul style="list-style-type: none"> • Number of seasonal employment 	EAM	30.000 EUR
1.2..8.	Improving the efficiency of active employment measures through normative system monitoring and measuring the efficiency of implemented measures	<ul style="list-style-type: none"> • Monitoring and the efficiency of implemented measures 	EAM	-----

¹⁶This task is also covered by the Objective 2 under the Priority 3

¹⁷Vocational guidance is covered by the Measure 2 of the Objective 1 under Priority 2

Objective 3: Increasing Self-Employment. Stimulating Entrepreneurship, particularly in the Underdeveloped Areas of Montenegro.

	Measures / Activities	Results / Indicators	Lead responsibility/ Partner institution	Estimation of needed funds
1.3.1.	Stimulating entrepreneurship through loans for self-employment for unemployed persons which holders are women and which are implemented in the underdeveloped areas	<ul style="list-style-type: none"> Number of loans in the current year/Number of loans in the previous year 	EAM	500.000 EUR
1.3.2.	Financial support and support in advising for those who are starting a business especially in the north of Montenegro in order to promote agro-tourism and other alternative types of economic activities such as green jobs		MLSW/ MF – Sector for Finance and Contracting of the EU Assistance Funds	MIDAS Project IPA – HRD Component
1.3.3.	Implementing trainings for persons who are starting a business	<ul style="list-style-type: none"> Increased number of participants 	EAM/DSME	40.000/ 15.000 EUR
1.3.4.	Further development of business incubators. Establishing general business incubator in the north of Montenegro		DSME	7.000 EUR
1.3.5.	Improving the business incubators network		DSME	10.000 EUR
1.3.6.	Shaping the legal framework for development of social entrepreneurship	<ul style="list-style-type: none"> Adopted regulations 	MLSW/, EAM, NGO, CC, MEF	2.000 EUR

PRIORITY 2: Improving Knowledge, Skills and Competences with a View to Increasing Job Opportunities, and Increasing Competitiveness through Formal Education and Non-formal Education and Training

Objectives 1: Promoting Adults' Access to and Participation in Lifelong Learning. Raising Awareness of the Importance of Lifelong Learning.

	Measures / Activities	Results / Indicators	Lead responsibility/ Partner institution	Estimation of needed funds
2.1.1.	Raising awareness on importance of investing in human resources by establishing partnerships between local self-government, education and training providers and enterprises.	<ul style="list-style-type: none"> Closer cooperation between enterprises and service providers 	MES / VET Centre, MEF, DSME, local self-government	MES – 5.000 EUR

	Promoting advantages of life-long learning and career management for all participants: employed, employers, training providers, universities	<ul style="list-style-type: none"> Number of promotions High level of information on importance of life-long learning 		
2.1.2.	Opening CIPS in Pljevlja	<ul style="list-style-type: none"> Opened CIPS 	EAM, local self-government	EAM, local self-government, IPA - I Component
2.1.3.	Create conditions for recognition of the non- and in-formal learning outcomes	<ul style="list-style-type: none"> Conditions for recognition of the non- and in-formal learning outcomes created 	MES/ Assessment Centre, MLSW	-----
2.1.4.	Broadening the network of licensed adults' education providers with the aim to ensure quality with the special emphasis on the northern Montenegrin region	<ul style="list-style-type: none"> Number of licensed adults' education providers increased for 10% and the list created 	MES / VET Centre	-----
2.1.5.	Designing qualification frameworks for sectors, developing occupation standards and adults' education programmes in accordance with the Law on National Qualifications Framework and Law on Adults' Education	<ul style="list-style-type: none"> Education Programmes (5 programmes) developed 	MES / VET Centre, adults' education providers, social partners	-----
2.1.6.	Implementing the training programme for staff working with the adults' education providers	<ul style="list-style-type: none"> Number of trainings Number of trained staff 	VET Centre	10.000 EUR
2.1.7.	Literate internally displaced persons and RAE population	<ul style="list-style-type: none"> Number of conducted trainings Number of literate persons 	MES / VET Centre	Projects
2.1.8.	Stimulate R&D cooperation between science and research institutions and enterprises (connect PhD theses with specific use in enterprises)	<ul style="list-style-type: none"> Number of PhD theses applicable in real enterprises 	MS / ME	-----

Objective 2: Increasing the Quality of Education at All Levels and Adjusting the Education System to the Labour Market Needs

	Measures / Activities	Results / Indicators	Lead responsibility/ Partner institution	Estimation of needed funds
2.2.1.	Improving the analysis of labour market trends including also the analysis of education structure of employed and unemployed	<ul style="list-style-type: none"> Analysis findings 	MES/MLSW, Bureau for Edu. Services, VET Centre, CC, MEF	-----

2.2.2.	Promoting vocational education directed towards the labour market needs and strategic orientation of Montenegro	<ul style="list-style-type: none"> Number of promotions 	MES/ VET Centre, schools, employers	-----
2.2.3.	Improving the flexibility of education programmes in line with the labour market needs by involving employers in preparation of the modulated, creditably validated and competence-based education programmes of wide vocational profiles/lower, secondary vocational education and higher education/ in line with the Law on National Qualifications Framework	<ul style="list-style-type: none"> Adjusted education programmes 	MES/VET Centre, EAM/schools, universities, employers	IPA– HRD Component
2.2.4.	Establishing a model for introduction of career guidance in primary schools and secondary vocational schools and universities	<ul style="list-style-type: none"> Model designed 	MES/VET Centre, Bureau for Edu. Services, EAM schools, universities	IPA - 2011/2012
2.2.5.	Creating adequate conditions in education institutions with the aim to involve as many children with special education needs as possible in primary, secondary and higher education, providing quality work and training for them	<ul style="list-style-type: none"> Number of equipped education institutions depending on the needs defined by a special education programme Number of trained staff 	MES/VET Centre, Bureau for Edu. Services, EAM schools, universities	MES/capital budget up to 2015
2.2.6.	Establishing sustainable quality assurance system in education at all education levels including the national level and the level of schools and universities	<ul style="list-style-type: none"> Quality Level defined through reports 	MES/VET Centre, Bureau for Edu. Services, schools, universities	Project
2.2.7.	Establishing sustainable system for continuous and quality training of teachers for building the knowledge system and its applicability	<ul style="list-style-type: none"> Number of trainings, number of institutions and trained teachers 	MES/VET Centre, Bureau for Edu. Services, schools, universities	-----
2.2.8.	Promoting and improving entrepreneurial learning at all education levels with the aim to raise the awareness of pupils and students about self-employment	<ul style="list-style-type: none"> Number of trainings, number of trained teachers and number of pupils and students 	MES/VET Centre, Bureau for Edu. Services, DSME, schools, universities	, LUX-development
2.2.9	Ensuring continuity in education of internally displaced persons and RAE population at all education levels	<ul style="list-style-type: none"> Number of pupils and students 	MES / schools, universities	-----

PRIORITY 3: Promoting Social Inclusion and Reducing Poverty

Objective 1: Improving the System of Social Benefits and Social Services to Better Target and Cover Vulnerable Groups

	Measures / Activities	Results / Indicators	Lead responsibility/ Partner institution	Estimation of needed funds
3.1.1.	Amending the Law on Social and Child Protection with accompanying by-laws		MLSW/UNICEF	IPA 2010
3.1.2.	Improving the communication between SWC and EAM, improving and linking data sharing		MLSW / SWC; EAM	IPA 2010
3.1.3.	Improving the capacities of SWC and enhancing professional knowledge and skills of social workers		MLSW / SWC	IPA 2010
3.1.4.	Improving the system for collecting information, data and indicators used for monitoring social inclusion and social welfare		MLSW	IPA 2010
3.1.5.	Implementing initiatives and activities for activating social welfare beneficiaries in the labour market Piloting projects targeted at the persons in risk of social exclusion on the basis of local partnership principle		MLSW and MF	IPA- HRD Component
	Increasing information level of citizens on their rights in the field of social welfare		MLSW / SWC	-----

Objectives 2: Integration of Persons with Disabilities in the Labour Market

	Measures / Activities	Results / Indicators	Lead responsibility/ Partner institution	Estimation of needed funds
3.2.1.	Implementing information campaign with the aim to involve children and youth with disabilities in the education process	<ul style="list-style-type: none"> • Number of implemented campaigns per type of the media and the subject • Number of held public 	MES / NGO	

		meetings, number of NGO that participated		
3.2.2.	Professional information and counselling of persons with disabilities as regards choice or change of occupation, education and other decisions related to education and employment	<ul style="list-style-type: none"> • Number of implemented programmes • Number of persons with disabilities who were provided with the professional information and counselling services 	EAM	
3.2.3.	Involving persons with disabilities in the active employment measures	<ul style="list-style-type: none"> • Type and number of implemented measures • Number of persons with disabilities involved in a specific measure • Number of employed 	EAM	50.000 EUR
3.2.4.	Establishing Commission for Professional Rehabilitation and its work	<ul style="list-style-type: none"> • Established first instance commissions in all EAM Branch Offices • Established second instance commission 	MLSW / EAM	2.000 EUR
3.2.5.	Implementing professional rehabilitation measures and activities for persons with disabilities	<ul style="list-style-type: none"> • Number of persons with disabilities involved in certain professional rehabilitation measures and activities • Number of persons with disabilities employable in the open labour market • Number of persons with disabilities employable under special conditions • Number of unemployable persons with disabilities • Number of employed persons with disabilities after implemented measures and activities 	EAM, Professional rehabilitation providers, employers	100.000 EUR
3.2.6.	Financing special employment organisations	<ul style="list-style-type: none"> • Number of established special employment organisations • Number of employed persons with disabilities 	EAM / Employers	
3.2.7.	Financing grant schemes for promoting employment of persons with disabilities	<ul style="list-style-type: none"> • Number of awarded projects • Number of employed persons with disabilities 	MLSW / EAM	
3.2.8.	Allocating subventions for employment	<ul style="list-style-type: none"> • Number of employers 	EAM	

	of persons with disabilities	asking for subvention <ul style="list-style-type: none"> • Number of persons with disabilities for whose employment the grant was allocated 		70.000 EUR
3.2.9.	Developing joint programmes and projects for support of entrepreneurship development of persons with disabilities	<ul style="list-style-type: none"> • Number of implemented projects • Number of implemented programmes and granted loans 	EAM / MEF, NGO	30.000 EUR
3.2.10.	Implementing programmes and projects for psychological empowerment of long-term unemployed aiming to involve them in the active employment policy programmes and professional rehabilitation programmes	<ul style="list-style-type: none"> • Number of implemented programmes • Number of implemented projects • Number of persons involved in the programme 	EAM / NGO	50.000 EUR
3.2.12.	Improving employment of persons with disabilities	<ul style="list-style-type: none"> • Number of employed persons with disabilities 	MLSW	-----

Objective 3: Integration of RAE Population, Refugees and Displaced Persons in the Labour Market

	Measures / Activities	Results / Indicators	Lead responsibility/ Partner institution	Estimation of needed funds
3.3.1.	Adjusting the Law on Social and Child Protection in the part related to access the rights in the field of social and child care ¹⁸	<ul style="list-style-type: none"> • Amended Law 	MLSW	IPA 2010
3.3.2.	Continuation of the programme of subsidized employment of hard-to-place categories, especially RAE population ¹⁹	<ul style="list-style-type: none"> • Number of implemented programmes and projects 	EAM	Funds within the item 3.3.6.
3.3.3.	Raising awareness among refugees and displaced persons on rights arising from unemployment with the special attention given to RAE population	<ul style="list-style-type: none"> • Number of implemented campaigns 	MLSW / EAM, NGO	-----
3.3.4.	Organising programme for acquiring first occupational qualification for persons without qualifications	<ul style="list-style-type: none"> • Number of implemented programmes 	EAM / VET Centre	

¹⁸Taken from the document „INTEGRATED ACTION PLAN FOR IMPLEMENTATION OF THE STRATEGY FOR DURABLE SOLUTIONS OF ISSUES REGARDING DISPLACED AND INTERNALLY DISPLACED PERSONS IN MONTENEGRO WITH SPECIAL EMPHASIS ON THE KONIK AREA“

¹⁹Ibid.

		<ul style="list-style-type: none"> • Number of persons involved 		15.000
3.3.5.	Organising education and training programmes for known employer for RAE and refugees and displaced persons	<ul style="list-style-type: none"> • Number of implemented programmes and projects • Number of persons involved • Number of persons employed 	EAM / MEF	5.000
3.3.6.	Continuing the implementation of public works programme	<ul style="list-style-type: none"> • Number of persons involved • Number of implemented programmes 	EAM / local self-government, NGO	50.000
3.3.7.	Introducing the competencies and abilities of RAE population to the employers with the aim to overcome stereotypes and prejudices		NGO / EAM	-----

ASSESSMENT of needed funds for 2012

The National Employment and Human Resources Strategy 2012-2015 represent a continuation of the previous strategy and is based on a comprehensive and intersectoral definition of employment policy which encompasses both supply and demand measures, employment developmental objectives and general development of human resources. It is also in line with other development priorities and strategic documents of the Government of Montenegro.

The action plans as a part of the Strategy will be designed and agreed upon on the annual level and thus will enable flexible management of the Strategy. Every action plan will be designed on the basis of monitoring and analysis of the labour market situation and on the assessment of results and evaluation of activities carried out in the previous year.

The National Action Plan for Employment for 2012 encompasses the measures and activities which will be mainly implemented by the Employment Agency of Montenegro, Ministry of Labour and Social Welfare and Ministry of Education and Sports with its related institutions. To a lesser extent the following institutions will be involved: Ministry of Economy, Ministry of Sustainable development and Tourism, Ministry of Finance, Ministry for Human and Minority Rights, Social Council of Montenegro, Agency for Peaceful Settlement of Disputes, social partners, Directorate for Small and Medium Enterprises, as well as the Investment Development Fund.

The funds needed for implementing foreseen measures and activities and which are provided within the framework of the Proposal Law on Budget for 2012 are as follows:

- Employment Agency of Montenegro4,045,000.00 EUR
- Ministry of Labour and Social Welfare..... 4,000.00 EUR
- Social Council of Montenegro.....20,000.00 EUR
- Agency for Peaceful Settlement of Disputes.....20,000.00 EUR
- Directorate for Small and Medium Enterprises..... 37,000.00 EUR
- Ministry of Education and Sports – funds planned within the budget for regular activities

Total.....4,126,000.00 EUR

- Investment Development Fund.....20,000,000.00 EUR
- Additionally, the funds from projects IPA 2010, IPA IV - HRD, IPA II, Midas Project, and Twinning Project are also foreseen.