

# SKILLS 2020 MONTENEGRO

Working document

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This document “Skills 2020 Montenegro Report” is the result of the highly committed and professional contributions of representatives from the key policy makers and stakeholders in Montenegro in a range of workshops. This process started in December 2012 and the final results have been compiled in March 2014. This document could be elaborated thanks to the excellent teamwork of participants and the coordination of the Ministry of Labour and Social Welfare.

The ETF has facilitated the exercise and provided technical and thematic expertise through the inputs and work of ETF education, VET and labour market specialists, statistical experts and international external foresight, institutional capacity and financial experts. Human Resources Development national experts have also highly contributed to the elaboration of the present document, by providing important insights from the country.

The following Montenigrin organisations and key political actors have been involved in the workshops of the foresight process:

The Ministry of Labour and Social Welfare, with the IPA Operating Structure as coordinating body, the Ministry of Foreign Affairs and European Integration, with the National IPA Coordination office, the Ministries of Finance, of Education, of Economy, and of Science, the Centre for VET, the National Employment Agency, the Directorate for the Development of SMEs, MONSTAT, Social Partners, and NGO representatives.

The full list of all those who took part is provided in Part II.



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## List of Acronyms

ALMP	Active Labour Market Policy
BRPM	Body Responsible for Priority/Measure
CSO	Civil Society Organisation
CSP	Country Strategy Papers
ETF	European Training Foundation
EC	European Commission
EU	European Union
HE	Higher Education
HRD	Human resource development
IPA	Instrument for Pre-accession Assistance
IPAII	Instrument for Pre-accession Assistance programming period 2014 - 2020
IVET	Initial vocational education and training
LFS	Labour Force Survey
LLL	Lifelong learning
MIS	Monitoring Information System
MNE	Montenegro
MTEF	Mid-Term Expenditure Framework
MTBF	Mid-Term Budget Framework
MTFF	Mid-Term Fiscal Framework
NDP	National Development Plan
OP	Operational Programme
OS	Operating Structure
PAF	Performance Assessment Framework
PAR	Public Administration Reform
PBB	Programme-Based Budgeting
PEFA	Public Expenditure and Financial Accountability
PEF	Public Expenditure Framework
PEP	Pre-Accession Economic Programme (PEP)
PER	Public Expenditure Review
PETS	Public Expenditure Tracking Survey
PFM	Public Finance Management

PISA	Programme for International Students Assessment
PIRLS	Progress in International Reading Literacy Study
REA	Roma Egyptian Ashkali
RIA	Review of Institutional Arrangements
SA	Sector Approach
SIGMA	Support for Improvement in Government and Management
SSP	Sector Support Programmes
TIMSS	Trends in International Mathematics and Science Study
VET	Vocational education and training
WBL	Work based learning



# OVERVIEW

## Foreword

IPA, the Instrument for Pre-Accession Assistance, offers assistance to countries engaged in the EU accession process. The current programming cycle is drawing to an end and IPA II covering the period 2014-2020 is now being planned. IPA II will support the accession countries in implementing the political, institutional, legal, administrative, social and economic reforms required to bring the countries closer to Union values and to progressively align to Union rules, standards, policies and practices with a view to Union membership. This new programme will be even more strategic, efficient and better targeted than before, but poses a challenge. IPA II aims to adopt, whenever possible, a 'sector wide approach' bringing together all issues related to human resource development, employment and social cohesion, under a single policy domain.

Under IPA II Human Resources Development, labour market and social cohesion will be treated as a single coherent sector (policy area) that requires joined up policies across a variety of domains such as:

- Higher Education
- Vocational Education
- Life Long Learning
- Social Inclusion
- Job creation
- Industrial competitiveness
- Poverty reduction
- Entrepreneurship
- Skills and capabilities needed for accession to the EU

The sector-wide approach poses a challenge because it requires a wide number of policy areas that moved ahead more or less independently in the past, to cooperate more closely, to develop more coherent and evidence-based policy approaches for human resource development in line with the EU 2020 Strategy. There is a need to integrate these fragments so that it is easier for the relevant actors to plan their response, identify their needs and acquire the resources necessary to enable them to function over time.

To help pre-accession countries to get the most out of this new approach, the European Commission has contracted the European Training Foundation to launch the *Frame – Skills for Future* initiative to help in the development of coherent policy approaches for human resource development in line with the EU 2020 Strategy. As such, the FRAME exercise has aimed at providing a clear overview about the main priorities of Montenegro in the HRD sector so to have a coordinated action plan among key stakeholders and a linked monitoring instrument to be consequently used to assess progresses.

The vision document, together with the capacity development plan for institutions in charge of HRD and the monitoring instrument, can allow to better align the education and training system

with the needs of the economy and the labour market and to strengthen institutional capacities and inter-institutional co-operation to ensure joined-up policy approaches across government. This has required a future-oriented participatory approach that brought together all relevant stakeholders involved in higher education and research, vocational education in a lifelong learning perspective, including labour market policy, job creation, entrepreneurship and social inclusion, to create a skills vision for Montenegro in 2020 along with a roadmap that accommodates all HRD-related initiatives in a coherent strategy involving the national actors and stakeholders.

In order to make the most of existing experience, the FRAME initiative consists of 4 interrelated components, which will be treated as unique interventions as they constitute the building blocks of the sector approach in HRD, namely:

- **Component 1 – Foresight:** Implement a foresight methodology for vision-building of future skills towards 2020 as an input for building coherent national HRD strategies in EU enlargement countries, including priorities and roadmap for the vision. The methodological approach will be road-tested in two of the enlargement countries (Montenegro and Serbia) and then rolled out in the other beneficiary countries.
- **Component 2 – Review of Institutional Arrangements:** Implement a methodology to review institutional arrangements in the HRD sector in relation to the capacity to achieve the country vision for skills 2020, and consequently to develop capacity-building responses. The methodology developed will be rolled out directly in all beneficiary countries.
- **Component 3 – Monitoring:** Develop a performance-monitoring and indicators-based system to monitor progress and strengthen accountability in implementing the sector-wide approach in HRD in line with the national strategic objectives and EU 2020 goals, as well as headline targets put forward in the South East Europe Strategy 2020.
- **Component 4 – Regional:** Facilitate a mutual learning process among enlargement countries in the region through the organization of regional meetings and peer learning activities that will allow exchange of results and will pave the way for future joint activities.

With the foresight component, ETF assists the accession countries to formulate a shared vision for skills 2020, with priorities and a roadmap. As such, the exercise is very inclusive and comprehensive, as it puts together stakeholders in charge of Human Resources Development in the country with the objective of elaborating a shared vision, built on previous work and existing national strategies.

Montenegro is the first country where foresight has been implemented. Skills are at the centre of the foresight component, addressing the question:

**Which skills should Montenegro develop towards 2020,  
and how can these skills be generated by the education and training system?**

It is not intended to come up with a qualitative or quantitative list of skills, but rather to elaborate a visionary and strategic orientation to skills development. The outcome of the exercise represents the shared opinion and work of the country stakeholders, who have jointly worked on the content of the document in the course of 2013 and 2014, through the organization of a series of workshops and continuous bilateral contacts.

ETF has been working together with national policy leaders and stakeholders to define what should be achieved in the mid-term, by 2020. What are possible, feasible and preferred options,

based on resources and capacities? How should the education, training and lifelong learning system be adapted in order to produce the necessary skills?



## Executive Summary

As part of the European Commission support for the preparation of the second cycle of the Instrument for Pre-Accession Assistance (IPA II), ETF facilitates this process in the enlargement countries through the *Future Frame* initiative. Montenegro was the first country to develop a *Vision, Priorities and a Roadmap* for the Human Resource Development (HRD) sector. The results are presented in this *Report*. This report is intended primarily as a preparatory input to IPA II programming, and specifically should inform the Country Strategy Paper (CSP) for Montenegro.

This work aimed at taking into account what the European Commission refers to as a *sector-wide approach*, which links all policy initiatives related to education and training in a life-long learning perspective, with employment and social inclusion in a single unified framework. The work on the *foresight* component started in November 2012 with a number of exploratory visits by the ETF team, followed by a series of interactive workshops using a highly participatory foresight approach that brought together the relevant ministries, government agencies and other bodies, along with major actors in education, training and life-long learning, as well as business associations, NGOs and organizations representing employers and employees, under the coordination of the Operational Structure within the Ministry of Labour and Social Welfare.

A recurring theme in our discussions is the need to move from a reactive approach to policy development in HRD-related areas to a more anticipatory approach, using tools such as forecasting, futures research, scenarios and foresight. The EU accession process is accelerating change and requires us to work in new ways if we are to harness the opportunities that it will bring. We live in a time of rapid change. Change is not only induced by the accession process, but by the fast development of other parts of the world. This is both a challenge and an opportunity. The future is not a simple extrapolation of the past. In many cases such as in the case of youth unemployment or social inclusion we want it to be very different from the past. We therefore need new tools to help us imagine new paradigms for growth and prosperity, the new future we want to create and new thinking needed to get there. The vision building process for Montenegro has resulted in this **shared vision**:

*“In 2020 Montenegro has a competitive economy. It is a learning society of innovators, ready to face global, regional and domestic challenges. Its people have high employability. They have the knowledge, skills and competencies for personal and career development as well as social inclusion.”*

To achieve this vision Montenegro will need to achieve key objectives in **four priority areas**. Three of these explicitly link skills development to **greater economic growth and development, quality of life, and social inclusion**. Ultimately these three areas are about what we need to do to create more competitive businesses, more employable people and a more inclusive society. We also need to achieve key objectives under a fourth priority area related to **institutional capacities**: better coordination, more efficient use of resources and better governance. We refer to these as systemic issues, as they generally fall outside the responsibility of a single organisation and require collaborative efforts to address. To put this in perspective and help us achieve these objectives by 2020 we have defined indicators and will set ourselves targets.

A review of institutional capability to manage the policy cycle was undertaken from September 2013 to April 2014 with an emphasis on four main functional capacities corresponding to the policy cycle phases: 1) Policy design; 2) Planning and budgeting; 3) Implementation; and 4) Monitoring and evaluation (including reporting and learning). This entailed a mapping of capacities, interviews and the convening of a policy design workshop to discuss the findings. The RIA Report highlights the need for investment to improve institutional capacities through an

injection of resources, thereby enabling implementation of the Skills Vision recommendations and actions.

The monitoring component was roadtested in Montenegro allowing the customization of the tool to the country's readiness to use certain indicators and identification of main challenges and problems encountered at national level. The main points that emerged referred to the need to keep an efficient link between the outcomes of Foresight and RIA components and the work on monitoring (Montenegro leading institution opted for keeping the same national team); to identify proper indicators for 2020 Skills Vision roadmap and use of reliable data sources; to ensure synergies across different initiatives in the region aimed at enhancing the monitoring and evaluation systems. A thorough data availability and relevance check was carried out for all national indicators reflected in the roadmap together with further identification of comparability problems for the common indicators.

## Continued commitment to the Policy Dialogue on Skills

The following Ministries and institutions in Montenegro are committed to continuing the policy dialogue on skills which was started through the FRAME project:

Ministry of Labour and Social Welfare

Ministry of Education

Ministry of Science

Ministry of Economy

Ministry of Minority Rights

Ministry of Foreign Affairs and European Integration

MONSTAT

National Employment Agency

VET Centre

Chamber of Economy of Montenegro

Montenegrin Employers' Federation (UPCG)

Montenegro Business Alliance MBA

Confederation of Trade Unions (SSSCG)

Mediterranean University

University of Donja Gorica

The Examination Centre

Forum MNE

CEDEM

Special thanks to the Delegation of the EU to Montenegro for their important role in the process.





# PART I – VISION FOR SKILLS 2020: THE FORESIGHT VISION BUILDING PROCESS

## 1. Background and Context

### 1.1 Economic Backdrop

Montenegro is a middle-income country, with average GDP per capita of €5000 or 40 index points when purchasing power parity is taken into account (EU28=100). Among all the pre-accession countries in Western Balkan, Montenegro is the wealthiest, but its output is still below averages of developed countries.

The structure of the Montenegrin economy has drastically changed during the last two decades in favour of service industries as a consequence of economic transition and different socio economic events. Due to those trends, services now make up 60% of GDP, while tourism and trade are currently main sources of growth. This has also been proved during the post-crisis period (2009-2013) when these two sectors showed high levels of resilience to the negative effects of the crisis. Other sectors seen as significant potentials for economic growth are the energy and agriculture sectors.

Economic reforms, initiated in the late nineties, were characterized by liberalisation and deregulation, EURO introduction, privatization, structural reforms as well as business regulatory improvements. All those changes have resulted in high foreign direct investments that were the main source of a very dynamic economic growth during the pre-crisis period. Thus, the economic boom supported by increased credit activity resulted in doubling per capita GDP during the 2005 - 2007 period.

Unfortunately, due to the spillover of the economic crisis, the negative effects of the financial crisis became visible in Montenegro in late 2008 and beginning of 2009, when GDP recorded the most significant drop since 2000. Three sectors that experienced the most significant decrease were the processing industry, construction and agriculture. The main causes for this drop were a decreased demand in EU countries as main Montenegrin trade partners, decrease of prices of main export products (such as aluminium) as well as an increase of prices of main import products (such as agricultural).

Higher prices of capital at the international financial market slowed credit activity in the country and hampered the realisation of many capital investment projects. Consequently, after years of surplus, the budget balance faced a deficit. This was not only the result of a decrease in budget revenues, but also due to an increase of budget expenditures as a result of increased unemployment and social benefits.

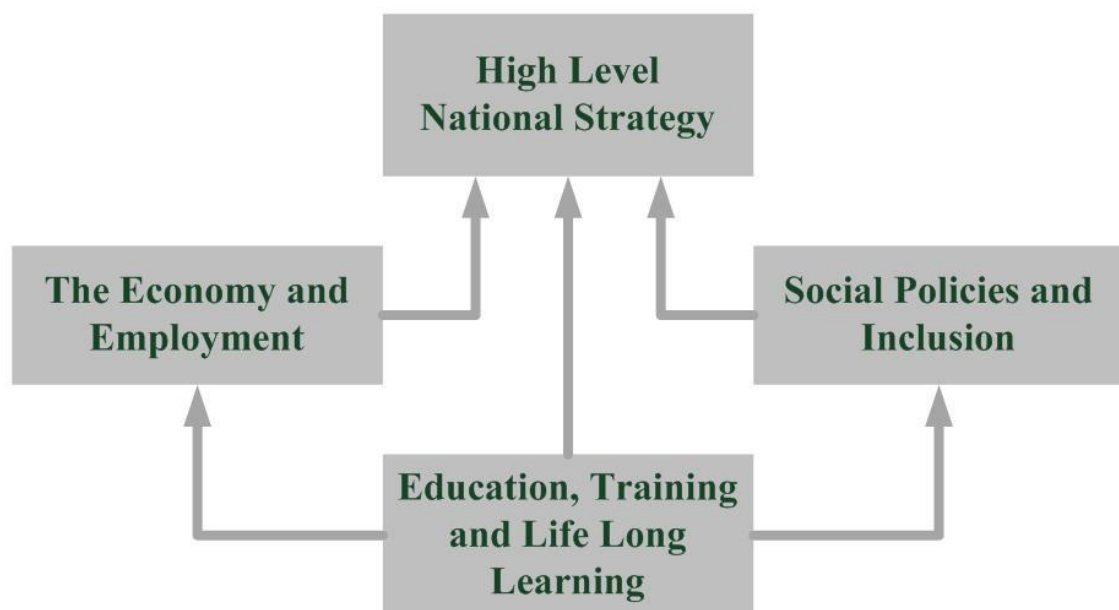
Although Montenegro was growing faster than EU countries before the recession, it was not successful in reducing the unemployment rate due to phenomenon of “jobless growth”, which is a characteristic of the Balkan region. In the post-crisis period, the chances for reducing unemployment narrowed down. The greatest problem for the labour market is a high long-term unemployment rate and the unemployment rate of the young work force.

Montenegro's newest data show positive developments of main macroeconomic aggregates. Despite the previous negative macroeconomic trends during the post-crises period and numerous unfavourable factors (such as bankruptcy of some of the big industrial companies), economic activity started with an upward trend in early 2013, inflation considerably decelerated and fiscal

and external positions have improved. Preliminary data for 2013 shows that GDP recorded an increase of 3.5%. The recovery, however, didn't diminish structural problems of the Montenegrin economy, such as high unemployment rates and high public and external debt ratio to GDP, which will have to be addressed in the future. Projections of the future trends are also positive. The World Bank estimates GDP growth to 1.5% for 2014, while according to the economic and fiscal programme of the Government, the estimated average annual GDP growth rate is 3.6% up to 2016.

## 1.2 The Panorama of Skills Related Strategies in Montenegro

Skills covering Human Resource Development, Education, Training and Life-Long Learning touch upon a great number of policy domains. It has an impact on high level strategies for growth and development that is both direct and indirect.



A quick examination of Montenegrin policies, strategies and programmes that refer to or that are in some way relevant to Education, Training and Life-Long Learning reveals at least 5 documents dealing with the overall development of the country, namely:

- The National Development Plan 2013-2016
- Pre-accession Economic Program 2012-2015
- National Programme for Integration to the EU 2010-2012
- EU Stabilisation and Association Programme
- Montenegro in XXI Century

We identified at least 10 policies and strategies that refer to skills or HRD from an economic development perspective:

- National Strategy of Sustainable Development of Montenegro 2010-2014

- Regional Development Strategy 2010-2014
- Tourism Development Strategy to 2020
- Montenegro's Agriculture and European Union Food Production and Rural development Strategy
- Energy Development Strategy up to 2025
- Construction Sector Development Strategy to 2020
- Strategy for Development of Small and Medium Size Enterprises 2011-2015
- Strategy for Stimulation of Competitiveness on Micro Level 2011-2015
- Strategy for Attraction of Foreign Direct Investment 2013-2015
- Strategy for Sustainable Economic Development through the Introduction of Clusters 2012-2016

At least four strategies deal with social inclusion:

- Strategy for the Improvement of the Position of RAE in Montenegro, 2012
- Strategy for Durable Solutions of Issues Regarding Displaced and Internally Displaced Persons in Montenegro, With Special Emphasis on the Konik Area, 2011
- Strategy for the Integration of People Living With Disabilities 2008-2016
- Strategy for Poverty Reduction 2007-2011

While at least 9 deal with various aspects of the development of the education, training and lifelong learning systems themselves:

- National Strategy for Employment and Human Resource Development 2012-2015
- Operational Program For Human Resource Development 2012-2013
- The Strategy for Scientific Research Activity 2008-2016
- Vocational Education Development Strategy 2010-2014
- Primary Education Development Strategy 2011-2017
- Strategy For Early and Preschool Education 2011-2015
- National Strategy for Long Life Learning and Career Guidance 2011-2015
- Strategy for Development and Financing of Higher Education in Montenegro 2011-2020
- Strategy for Adult Education 2005-2015
- Strategy for Lifelong Entrepreneurship Learning 2008-2013

- Strategy for Inclusive Education
- Human Resource Development Strategy for the Tourism Sector in Montenegro

Many of these have had an influence on the “**Operational Plan for Human Resource Development 2012-2013**” which was adopted by the Government of Montenegro in October 2012.

These documents were developed by a large number of ministries, often with the help of foreign and domestic experts. The ministries being:

- The Ministry of Labour and Social Welfare
- The Ministry of Education
- The Ministry of Science

Various government departments and agencies, private sector associations, international organizations and NGOs have been and continue to be involved, either to lead the policy drafting process, provide inputs during the drafting process or ensure the implementation of the measures these documents contain.

The organizations involved in all of these efforts include:

- International and donor organizations such as the European Commission, GIZ, the World Bank, USAID and UNICEF
- The NGO sector such as the Association of Paraplegics as well as Primary Medical Institutions
- Educational institutions at all levels such as universities and schools, scientific research institutions
- Bureau for Education Service
- Bureau for Textbooks and Teaching Materials
- The Examination Centre
- The VET Centre
- The Association of Preschool Teachers

Government departments and offices including:

- MONSTAT – The National Statistical Office
- The National Employment Agency and local employment bureaus
- The Directorate for Development of Small and Medium Sized Enterprises
- Local authorities
- Union of Municipalities

Private sector representative bodies such as:

- Montenegro Employers Federation
- Federation of Free Trade Unions of Montenegro
- Confederation of Independent Trade Unions of Montenegro
- Chamber of Commerce

Desk research revealed at least 11 ministries involved in the drafting and implementation of 14 major strategy documents.

The following table is intended to provide a summary of these initiatives and who was involved.

**Table 1: Strategies referring to Human Resources Development**

<b>MLSW</b>	Ministry of Labour and Social Welfare	<b>MED</b>	Ministry of Education
<b>OS</b>	Ministry of Science	<b>MOE</b>	Ministry of Economy
<b>MIST</b>	Ministry for Information Society and Telecommunications	<b>MHMR</b>	Ministry for Human and Minority Rights
<b>MOH</b>	Ministry of Health	<b>MIA</b>	Ministry of the Interior
<b>MOJ</b>	Ministry of Justice	<b>MOF</b>	Ministry of Finance
<b>MSDT</b>	Ministry of Sustainable Development and Tourism		

<b>Strategies Referring to Human Resource Development and the Main Ministries Involved</b>	<b>Lead Ministry</b>	<b>Other Ministries responsible for implementation</b>	<b>Ministries consulted</b>
National Strategy for Employment and Human Resource Development 2012-20	MLSW	MED	MOE, MOF, MSDT
Strategy For Early and Preschool Education 2011-2015	MED	MLSW	MOS, MOE, MOF
Primary Education Development Strategy 2011-2017	MED		
Vocation Education Development Strategy 2010-2014	MED	MLSW	
National Strategy for Long Life Learning and Career Guidance 2011-2014	MED	MLSW	
Strategy for Inclusive Education, 2008	MED		MLSW
Strategy for Adult Education 2005-2015	MED	MSLW, MOE	
Strategy for Development and Financing of Higher Education in Montenegro 2011-2020	MED		
Strategy for Durable Solutions of Issues Regarding Displaced and Internally Displaced Persons in Montenegro, With Special Emphasis on the Konik Area, 2011	MLSW	MED, MOH, MIA	
Strategy for the Improvement of the Position of RAE in Montenegro, 2012	MHMR	MLSW, MED, MOJ	
Strategy for Scientific Research Activity 2008-2016	MOS	MED, MOE	
Strategy for the Integration of People Living With Disabilities 2008-2016	MLSW	MED	
Strategy for Lifelong Entrepreneurship Learning -2008-2013	MED		
Information Society Development Strategy	MIST		

## 1.3 The current priorities and initiatives of major actors

### Government of Montenegro

#### Strategy for Adult Education 2005-2015

The Strategy for Adult Education in Montenegro for the period 2005–15 provides guidance for adult education development. Adult learning in Montenegro is based on a lifelong learning concept, which is defined as a continuing learning activity aimed at improving knowledge, skills and competences. The priority areas defined by this strategy are to increase knowledge and skills of employees in order to enhance economic development, increase knowledge and skills of unemployed in order to enable their employability and improve social inclusion through education of adults, achieve values of democratic society through education of adults and use other forms of education for adult education. The Adult Education Action Plan for the period 2010-14 which is derived from this strategy defines the priority areas, objectives and tasks in more detail.

#### The National Strategy for Long Life Learning and Career Guidance 2011-2015

This strategic document sets out the following priorities: promoting long life learning and career guidance, improving the legal and institutional framework, strengthening career guidance in the Montenegrin education system, in particular career guidance services for unemployed and employed, ensuring quality in career orientation and coordinating policies and managing services for career orientation. The Action Plan for 2011, which was a part of the strategic document, has been implemented while the current Action Plan covers the period 2012-2013. In the area of promotion, several campaigns have been implemented and will be continued during 2013. Also, the introduction of career orientation in primary and secondary schools was implemented as a pilot project. Based on this, the models for implementation will be developed and adopted in the period up until the end of 2013. The development of a model for career orientation for adults and an analysis of the possibilities for the creation of a model for children with special needs are planned in 2013. The training programmes for career guidance assistants are prepared and implemented and would be continuously monitored.

### The Ministry of Labour and Social Welfare

#### National Strategy for Employment and Human Resource Development (2012-2015)

This Strategy is based on a comprehensive and cross-sectoral definition of employment policy, which comprises measures on both the demand and supply side of the labour market, developmental objectives of employment and of general human resource development. This strategy sets out three main priorities: (i) increasing employment and reducing the rate of unemployment, (ii) improving knowledge, skills and competences to increase job opportunities and enhancing competitiveness through formal and informal education and training, and (iii) promoting social inclusion and reducing poverty. The strategy includes a list of indicators and is followed by the annual action plans. At the end of 2012, the Montenegrin Government adopted the Action Plan for the implementation of the Strategy for 2013. The most significant activity, namely helping young people with higher education to have practical working experience, is already being implemented and is related to the implementation of the law on vocational education. This program has a value of €10M, which includes an allocation of €1M for the financing of salaries of apprentices.

### **Operational Program for Human Resource Development 2012-2013**

The three main priorities defined by this document are efficient and inclusive Active Labour Market measures, improvement of knowledge, skills and competences for employability and competitiveness, improvement of social inclusion, and providing technical support. The main measures envisaged are providing support for the most effective measures for improving the quality of the labour market and employment, the development of qualifications in vocational education and training and support for the improvement of the innovation capacities of higher education, research and business, better access to the labour market for people with disabilities and RAE population members and the development of the project pipeline and functioning of the operation.

### **Strategy for Lifelong Entrepreneurship Learning 2008-2013**

The action plan focuses on the following priorities: developing awareness of the importance of entrepreneurial learning for overall socio-economic development, promoting entrepreneurship learning in formal education and entrepreneurial learning in the system of informal education and the introduction, monitoring and reporting of entrepreneurial learning. A comprehensive set of activities have been specified for implementing these priorities.

### **The Ministry of Education**

#### **Strategy for Early and Preschool Education 2011-2015**

The overall goal of this strategic document adopted by the Montenegrin Government in 2010 is to enable the system of early and preschool education to provide or make available, high quality, overall, culturally sensitive, inclusive services for all children in Montenegro, from birth until the primarily school education, with a special focus on the most vulnerable children. The specific goals relate to: increasing enrolment of children in the preschool education system through the improvement of facilities and the provision of diverse and comprehensive models of services; developing a system of continuous improvement; innovation and monitoring of the quality of services in early and preschool education; improving the system of education for professionals who work in preschool institutions and enable conditions for their continuous professional development, ensure interdisciplinarity and developing coordinated and sustainable cooperation within the overall system with the goal of social inclusion of children until primarily education and the improvement and harmonization of legislation, promotion of the strategy in the media and other channels of communication.

#### **Primary Education Development Strategy 2011-2017**

The goal of this strategic document is to define activities which would ensure high quality of primary education for all children in Montenegro and assure that they will use their overall potential, that they contribute to the development of the Montenegrin society and that they are prepared to continue their long life education. The goals include eight years of primary education, improvement of educational infrastructure and curricula, creation of text books and teaching material, education/training of directors or managers of schools, as well as teachers and support staff such as pedagogues and psychologists, continuous quality control of schools, teachers and pupils, inclusion of pupils with special education needs in education programs, improvement of communication of schools with partners and the introduction of civic education in schools as well as introduction of information education system.



### **Strategy for Development and Financing of Higher Education in Montenegro 2011-2020**

The strategic goal set by this document is development of an effective and quality higher education system and research that will enhance economic and social development of Montenegrin society, with equal opportunities for all, in line with the principles of freedom and democracy. The following activities are aimed at: improving the quality of higher education, connecting higher education with the labour market, improving the entrepreneurship and innovative character of education, increasing the population age 30 to 34 with higher education to the level of 40% in 2020, establishing lifelong learning on the basis of good international practice, research oriented higher education and the internationalization of higher education. The goal is to better connect higher education with the labour market through regular analyses of the needs of the labour market for the next five years by universities, employers associations and the employment agency, through the expression of needs and interests by employers for certain occupations and skills. Another goal in line with this thinking is to introduce entrepreneurship as a subject in education programs, improve the interaction with enterprises, and engage students in practical work of relevance to business.

### **The Vocational Education Development Strategy 2010-2014**

This Strategy has the objective to determine the direction of development of vocational education by facilitating a faster response of vocational education to the labour market needs, developing qualifications based on learning outcomes in all sectors and on all levels of ability up to the level of university education, ensuring accessibility of education, training and opportunities for all, ensuring high quality vocational education (initial and permanent) on the basis of defined indicators of education quality, assisting all students to develop throughout their education the vocational and key competencies necessary for life and work, ensuring conditions for making lifelong learning and mobility of students (individuals) a reality and ensuring recognition of informal and non-formal education and connection of formal education and non-formal learning, ensuring through vocational education personal, social and professional development of every individual, encouraging fairness, social cohesion and active participation of citizens, and ensuring comparability of qualifications obtained in Montenegro with the qualifications obtained in other countries. Priority areas that are covered by this strategic document are: strengthening the institutional and legal framework and social partnership, decentralization, connecting vocational education and labour market and accessibility of education.

### **Strategy for Inclusive Education**

The Strategy for Inclusive Education was adopted in 2008. The general objective is to ensure and promote quality and accessible education for all children and youth with special educational needs in accordance with their interests, capabilities and needs. The aims of the Strategy are harmonization of normative acts with national and international documents, systematic support for professional development of staff, provision of horizontal and vertical connections between educational institutions combining regular and special curricula, organization of a network of support, quality assurance and monitoring of the education system, and promotion of positive attitudes.

The establishment of the comprehensive institutional network for support for children with special education needs on local, regional and national level is planned by this strategic document.

## **The Ministry of Science**

### **Strategy for Scientific Research Activity 2012-2016**

At the end of 2012 the Montenegrin Government adopted a new version of the Strategy for Scientific Research Activity for the period 2012-2016. The revision of the strategy has been carried out to align it with the Law on Scientific Research Activity from 2010, to develop new instruments for the development of the scientific research system, to define detailed new priorities and goals for R&I investment set by the previous Strategy. The Strategy defines three strategic goals: development of the scientific research community, development of multilateral, regional and bilateral cooperation and cooperation between the scientific research community and the business sector. The document defines 10 priorities in research: energy, identity, ICT, competitiveness of the national economy, medicine and health, science and education, new materials, products and services, sustainable development and tourism, agriculture and food and transport. In addition, the documents set as a target the increase of expenditures on R&I to the level of 1.4% of GDP in 2016.

## **Ministry for Information Society and Telecommunications**

### **Information Society Development Strategy 2012-2016**

This Strategy provides a framework for the improvement of the information society until 2016 with a clear vision focused on the economy, the civil sector, scientific research and educational institutions as well as public administration, defining major goals and objectives in order to maximise the social and economic potential of ICT, meeting the objectives set by The Digital Agenda for Europe. The vision set by 2016 is: "Montenegro-digital state-country that has recognized social and economic potential of ICT and broadband." The Government Action Plan 2012, for the implementation of this Strategy has been endorsed in February 2012. This plan comprises 26 projects and activities to be carried out. These, along with the obligations of relevant Ministries envisaged in the Annual Programme of Government, will make a significant contribution to the development of the Information Society in Montenegro.

## **2. The Foresight Approach and Process**

### **2.1 Foresight Approach and Rationale**

Foresight is a change management tool that helps leaders and those responsible for change to:

- Clarify the challenges they face,
- Elaborate a hopeful vision of what can be achieved,
- Prioritize the actions required, and
- Understand the kind of collaboration needed to succeed.

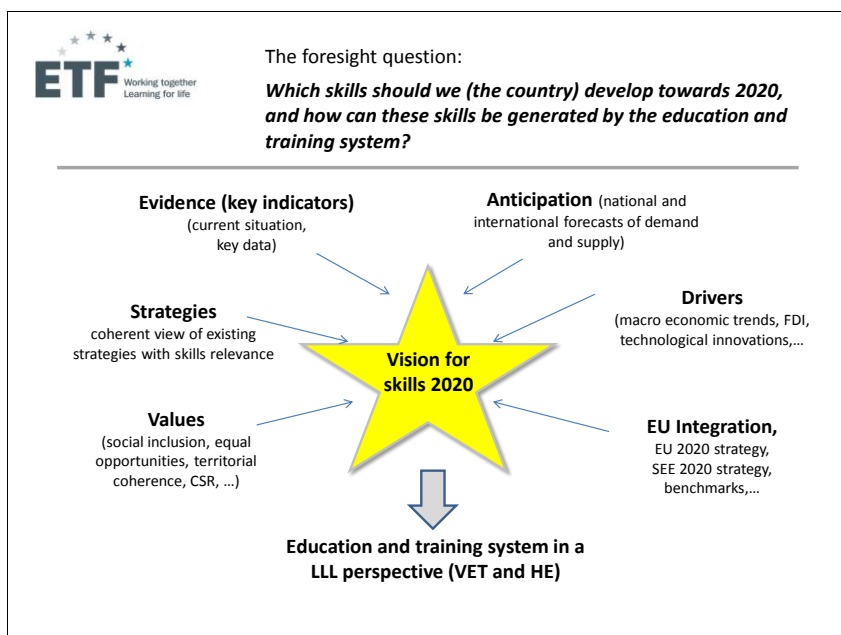
It anticipates change rather than reacting to it. It employs techniques that are useful in contexts of complexity and rapid change such as horizon scanning, futures studies and scenario writing.

It employs a participatory approach not only because this provides better insight and intelligence for the future, but because it also creates alignment among key actors, mutual awareness of the interdependence of their actions, the need for coordination and the opportunities for mutual reinforcement and support.

It is a tool for managing complexity that employs a participatory approach to developing a shared vision, roadmap and action plan. It makes use of forecasting to help visualize, understand and analyse trends. It also uses more qualitative techniques such as the analysis of trends and drivers and scenario writing to explore alternative futures. It pays especial attention to trend breaks, addressing new and emerging issues and issues where forecasting is at best of limited use.

The ETF FRAME project is novel in its scope and focus as it applies a foresight methodology to the education and training sector for the first time in the EU Enlargement region<sup>1</sup>. The approach supports countries to develop their own vision for skills policies in a medium-term perspective (up to 2020), with selected priorities and a roadmap for the adaptation of the national education and training systems. Broader issues and trends are taken into account and existing evidence is used to substantiate decisions. A qualitative approach has been considered to be the most suitable to launch a vision building activity, given the high number of stakeholders involved in skills policies and the availability of data.

**Box 1: the ETF Frame foresight question and related issues**



The key objective of the foresight exercise is to promote a more future-oriented approach to skills policies, involving key stakeholders (public and private) and bringing together different existing country strategies relevant to education, training, skills development, employment and economic development into a coherent vision on skills for the future. Moreover, the process aims at breaking down silos between ministries in charge of skills development and to develop more joined-up policy approaches for skills development by bringing together the key players in the sector and by identifying the interfaces between the existing strategies related to skills development.

The methodology designed for the project aims at addressing some fundamental questions, such as:

<sup>1</sup> This paper refers to the pilot implementation of the FRAME project in Serbia and Montenegro. The roll out in the other Enlargement countries is planned for the period October 2013-September 2014.

- Which skills should we (the country) develop towards 2020, and how can these skills be generated by the education and training system?
- What would policy leaders like to achieve in the current situation, what can be achieved by the country?
- What are the feasible and preferred options, based on resources and capacities (available and further developed)?
- Which strategic vision for the complexity of skills, in terms of skills levels and technical/generic skills, for which sectors?

Human resource development is an area that tackles responsibilities of different actors including politicians, Ministries of Education, Labour, Economy, public employment services, regional authorities, social partners, NGOs, research bodies and international and national donors.

Accordingly, a participatory approach for the strategic development of human resources is necessary for ensuring policy coherence and relevance to the emerging socio-economic challenges of the countries. The active involvement and close cooperation with EU delegations, Commission country desks will be a core principle in conducting the exercise.

An effective and efficient implementation of a sector-wide approach, as planned under IPA II will require a future-oriented strategy for the human resources development, with adequate institutional settings and capacities and monitoring systems.

## 2.2 The FRAME Foresight process

The FRAME foresight process consists of four main phases: a preparation phase, a system building phase, the proper foresight phase, and a follow up phase to ensure optimal use of the results. The methodology conceptualised by the ETF was implemented on a piloting basis in Montenegro and tailored and fine-tuned to the country context and the process followed all four phases (see Box 2). In the pre-foresight phase, consultations with national government institutions and agencies, social partners and donor organizations led to the development of success scenarios. A government institution responsible for overall coordination of the foresight process was assigned, and other stakeholders consulted and were invited to participate in the process. The added value of foresight for skills development and expectations were discussed with the main stakeholders, so as to tailor the practical implementation of the methodology to the concrete context in each country.

### Box 2: Overview of phases and tasks

Phases	Tasks/Steps
A. Pre-Foresight	Scoping phase with basic preparation of the exercise Preliminary analysis of reference documents in skills development (education, employment, etc.) Collection and analysis of existing data Information gathering among a wider group of potential stakeholders
B. Engagement of stakeholders	Securing political and technical support and resources Engaging stakeholders (bringing on board relevant stakeholders) Teaming (bringing together different actors)
C. Foresight Proper	Issue analysis, strategic panorama and its skills relevance Trends and drivers at global and national level Developing success scenarios

	Developing a shared vision, setting priorities and elaborating a roadmap
D. Follow-up	Lock-in (ensure commitment after the exercise) Formal debriefing of results for policy makers Communicating results to a wider audience Building on this foresight and implementing the high level plan

The ‘foresight proper’ process was largely focused on the organization of three workshops, including a large group of stakeholders in charge of policy planning and policy implementation in skills development. A total of about 15 institutions/organizations were represented at the workshops (about 30-35 participants) and all work was done in local language and translated into English. The process also included an important negotiation work which was conducted both by national leading authorities and ETF experts in-between the events. In particular, the leading institution was extremely active in discussing at high level (Secretaries of State/Deputy Ministers) the main line to take in the exercise and the strategic direction of the country. This already constituted a great success for the process, as national authorities took full responsibility for the elaboration of the vision document and the attached priorities and measures and increased their level of cooperation on the subject.

In preparation for the launch of the foresight process, the ETF team held two exploratory visits, in November 2012 and January 2013.

The foresight process entailed the organisation of a series of workshops involving key stakeholders:

- Pre-Foresight Workshop, 26 February 2013
- Foresight Workshop I, 19-20 March 2013
- Foresight Workshop II, 23-24 April 2013
- Foresight Workshop III, 4-5 June 2013

During the first workshop, Government representatives presented their key national strategies related to skills development, with a specific focus on skills, so as to place the skills vision in the context of the country’s macroeconomic development. To complete the wider framework, the main goals and comparative benchmarks of the Europe 2020 Strategy for Growth and Jobs and the South East Europe Regional Growth Strategy 2020 were also brought in. A strategic panorama, mapping the core national strategies, was prepared and eventual key issues and gaps were discussed. This underlined the need to develop a coherent and forward looking approach in a mid-term perspective. Current issues and problems were discussed in breakout groups, covering supply side as well as demand side and cross-cutting issues related to human resource development.

The second workshop started with a further exploration of demand side issues, debating about existing tools in the countries to anticipate future skills demands. A presentation of economic, social and technological global trends and drivers inspired a debate about their likely relevance and impact on the national skills system. In particular, brainstorming about the impact of ICT and technology on governance, citizenship and education was carried out, especially focusing on the existing interconnection between different trends and changes and on the need for Governments to respond with flexibility to unforeseen breaks. Consequently, breakout groups worked on success scenarios, developing future visions linked to the main issues and defining main actions to be taken to achieve future visions. The workshop was concluded with first drafts for a skills vision 2020. The last workshop held in June was a technical exercise involving a small group of people from the Ministry of Labour and Social Welfare, the Ministry for Education and the Ministry of Science, to help draft a near final version of this document with a more detailed roadmap, suitable for dissemination to major stakeholders for comments and feedback.

## 2.3 The Partners and Participants

The organisations that were consulted and those participating in one or more of the workshops are as follows:

Organisation	Participant
Ministry of Labour and Social Welfare	<ul style="list-style-type: none"> <li>• H.E. Predrag Bošković, Minister</li> <li>• Ms Arijana Nikolić-Vučinić, Deputy Minister for Labour Market and Employment</li> <li>• Mr Vladimir Radovanić, Adviser to the Minister</li> <li>• Ms Ivana Šučur, Senior Adviser, Department of Labour Market and Employment</li> </ul>
Ministry of Economy	<ul style="list-style-type: none"> <li>• Ms Marija Iličković, Deputy Director, Directorate for Development of SMEs</li> <li>• Ms Andjela Pušonjic, Adviser for Institutional Support, Directorate for Development of SME</li> </ul>
Ministry of Education	<ul style="list-style-type: none"> <li>• Ms Ivana Mrvaljevic, Adviser, Department for Qualifications</li> <li>• Ms Zora Bogičević, Adviser</li> </ul>
Ministry of Science	<ul style="list-style-type: none"> <li>• Mr Darko Petrušić, General Director</li> <li>• Ms Smilja Kažič, Head of Department for International Programmes and EU Integration</li> <li>• Ms Ivana Lagator, Department for International Programs and EU Integration</li> <li>• Ms Milena Milonjić, Department for International Programs and EU Integration</li> <li>• Ms Marijeta Barjaktarović Lanzardi, Department for International Programs and EU Integration</li> </ul>
Ministry of Foreign Affairs	<ul style="list-style-type: none"> <li>• Ms Ivana Petričević, Acting Director General for and European Integration Coordination of the EU Programmes</li> <li>• Ms Milica Abramović, II Secretary</li> </ul>
MONSTAT	<ul style="list-style-type: none"> <li>• Mr Filip Adžić, International department</li> </ul>
National Employment Agency	<ul style="list-style-type: none"> <li>• Ms Irena Perić, Advisor at the NEA - Employment Agency</li> <li>• Ms Nada Radovanić, NEA - Employment Agency</li> <li>• Ms Dragica Rustamagic, NEA - Employment Agency</li> <li>• Ms Melanija Malikovic, NEA - Employment Agency</li> <li>• Mr Djordjo Borović, NEA - Employment Agency</li> </ul>
VET Centre	<ul style="list-style-type: none"> <li>• Mr Duško Rajković, Director of the VET Centre</li> <li>• Ms Ivana Mihailović, Adviser for International Cooperation and Public Relations of the VET Centre</li> <li>• Mr Goran Blagojević, the VET Centre</li> <li>• Mr Dušan Bošković, the VET Centre</li> </ul>
Social Partners	<ul style="list-style-type: none"> <li>• Ms Tanja Radusinović, Advisor of the President, Chamber of Economy of Montenegro</li> <li>• Ms Ana Maraš, Adviser at the Montenegrin Employers' Federation (UPCG)</li> <li>• Ms Bojana Kalezić, Manager at the Montenegro Business Alliance MBA</li> <li>• Mr Vidak Djuranović, Secretary General at the Confederation of Trade Unions (SSSCG)</li> <li>• Mr Vladimir Krsmanovic, Confederation of Trade Unions (SSSCG)</li> </ul>

Education and Training providers	<ul style="list-style-type: none"> <li>• Ms Dragica Andjelic, Secretary General of the Mediteranean University</li> <li>• Ms Ivana Stesevic, Assistant at the University of Donja Gorica</li> <li>• Ms Ivana Sukovic, The Examination Centre</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>• Elvira Hadzibegović Bubanja, Forum MNE</li> <li>• Marija Vuksanović, CEDEM</li> <li>• Dženita Brčvak, CEDEM</li> </ul>
Delegation of the EU to Montenegro	<ul style="list-style-type: none"> <li>• Mr André Lys, Head of Operations.</li> <li>• Ms Sonya Gregorieva.</li> <li>• Mr Romain Boitard</li> </ul>
ETF	<ul style="list-style-type: none"> <li>• Ms Margareta Nikolovska, Country Manager for Montenegro</li> <li>• Ms Lizzi Feiler, Labour Market Specialist and Foresight project principal</li> <li>• Ms Jadranka Kaludjerovic, national expert for the FRAME project</li> <li>• Mr Patrick Crehan, international expert for the FRAME project</li> </ul>

## 2.4 Key Issues and Challenges Identified

The vision for “Skills Montenegro 2020” will not become a reality without significant progress on a number of fronts. This calls for concrete actions designed to address issues of a systemic nature which have blocked or limited progress in the past. It is not feasible to address all the issues or to repair everything that we think needs to be repaired. So choices have to be made. This was one of the main goals of Workshop III: to lay out the full list of actions, make choices and arrive at a well-considered list of priorities.

Our starting point for defining the actions is the issue list we developed as we journeyed from exploratory missions, to the structured discussions of Workshops 1 and 2. These issues suggest actions, and based on what we have heard so far, a preliminary list would contain the items listed below. As always, we can add to this list and structure it in different ways, but some items come up again and again and we can write those down with a high level of confidence. As preparation for WS3, we tried to anticipate the actions needed to address these issues, the effort required and the impact this might have. Our list is as follows:

### 1. **There is a need to reduce the labour supply-demand mismatch.**

There are many examples of formal courses available in Montenegro which are popular with students but which provide poor employment prospects. On the other hand there are degrees and qualifications with good employment prospects, which are ignored by those seeking jobs.

There are many reasons for this. Apart from issues such as low awareness, attitudes and lack of career counseling, there is evidence of undisciplined enrollment policies. It is suggested that strict limits should be set on numbers of students accepted into courses, limits that reflect the potential for employment of people with such qualifications. Evidence for the extent to which this is a problem should exist and subsequent measures to correct for the imbalance should have measurable impacts on employment and the competitiveness of companies or industrial sectors. These problems can be expected. They are a natural consequence of the transition that the education and training system of Montenegro is going through. The problem is recognized and measures are being taken to address them. For example, the Ministry of Education has recently introduced and implemented over 100 new curricula, mainly in the area of the VET reform and

based on inputs from the Sectoral Skills Commissions. Nevertheless further efforts will be required. The burden of effort lies not only with the education sector, but also with the enterprise sector. There is a lack of quality in the demand expressed by industry. Industrial actors and business associations need help to improve their ability to work with the educational system and better anticipate their own skills needs. They need to demand more from employees and take charge of their further development so as to ensure lifelong learning and greater employability. The Ministry for Education cannot do everything and there is a need for a division of labour between what the ministry can provide and what companies or the private sector will provide in terms of services. This will require much closer cooperation between the public and the private sector. Efforts have been made in the past to develop this kind of dialogue, but it is not easy. More time, effort and patience is required to make it happen.

**2. There is a need for research on HR and skills related issues: This kind of research is almost non-existent in Montenegro.**

There are very few faculty members in any of the universities or research institutes doing research focused on employment and labour related issues. An R+D strategy now exists and 10 priority areas have been identified for further investment. Maybe some of this money should be set aside to support activities that will benefit HR policies in companies, universities, employment agencies and skills related service providers.

**3. There is a need to encourage relevant youth, family and societal values.**

There seems to exist a set of general attitudes and ideas in relation to jobs, risk-taking and entrepreneurship which add to the labour demand-supply mismatch. Although the need for seasonal workers is great and predictable, employers cannot fill vacancies despite persistent high unemployment.

One of the reasons is that seasonal jobs are frowned upon. It is said that too many young people want to go into public administration, and a reduced number choose to go into other areas. In particular, parents encourage children to go into public sector jobs. Many consider entrepreneurial risk-taking to be foolish. The inevitable failures that beset new businesses as they experiment to get off the ground, is looked down upon. Those who study innovation and entrepreneurship say that the single most powerful factor for success is culture, more powerful than investment in research or the number of scientists per 1000 people in the population. There are ways of changing attitudes and encouraging a more entrepreneur-friendly culture. These have been successfully applied in other countries in comprehensive campaigns to change attitudes towards gender bias, the treatment of homosexuals and people with aids, and the treatment of minorities. Techniques exist to influence behaviors for example in relation to dental hygiene to avoid tooth decay, screening for cancer, wearing seat-belts, drunk-driving, improved diet and exercise to reduce cardiovascular disease and diabetes. Models also exist to promote entrepreneurial thinking and small company investment.

**4. There is a need to encourage greater use of technology as a means to compete.**

There is evidence that entrepreneurs are not fully exploiting opportunities for growth provided by new technologies. Technology is a means to boost competitiveness, even for industries based on conservative ideas relating to nature, local food and getting away from the noise and bustle of a big city.



Those who propose new business ideas based on tradition or traditional ideas for products and services do not realize that new technologies are necessary even in the case of traditional ideas for products and services, for example that it also applies to essential business areas such as marketing, sales, storage, transport and logistics. The bottom line is that there seems to be untapped potential in the application of even basic technologies in relation to innovative products and services, as well as in the rejuvenation of old industrial sectors.

#### **5. There is a need to improve the anticipation of skills related change.**

It is necessary that we move from reacting to last year's needs towards planning for next year's needs or those that will be required in 5 years' time. It is much easier to explore futures and concrete cases of HR practice. This is a great basis for dialogue involving skills-related service providers, employment agencies, employers, and an ideal basis for dialogue on the needs of economic actors. The main approach is to encourage relevant research, and integrate local researchers and other actors in relevant networks at EU and regional level. Many such networks already exist and immediate benefits can be gained in terms of know-how and access to future oriented research on skills in Europe and elsewhere. This is important not only for researchers but also for HR experts and social partners who have their own research and learning needs and who can derive great benefit from participating in this kind of activity. It is also important to establish the systematic use of Foresight approaches to the anticipation of changes to work employment and labour practices.

#### **6. There is scope for improving anticipation and removing obstacles.**

If obstacles remain then whatever is done in terms of skills, labour or employment will have limited impact or reduced relevance for the economy. It will be a wasted investment. In the course of our work we heard examples of cases where otherwise excellent initiatives had less impact than foreseen on business and employment. The reasons vary and are hard to anticipate in advance. In some cases they seem to be due to attitudes, in others due to uncertainty over responsibilities or competent authorities. These systemic problems arise despite the fact that everyone involved has done their job very well. In principle, it is possible to improve the situation based on new ways of working, the stress-testing of initiatives, the designation of a troubleshooter or a variety of other approaches.

#### **7. There is a need to improve enterprise HR capabilities.**

Only large companies have dedicated HR functions, which need help to develop continuously, as well as opportunities to work together and with their suppliers. For smaller companies and especially for family-run businesses there is a need to work with general managers, founders and owners, not only on HR-related issues, but on skills development relating to all management functions in general. Some groups may take time to change their mindset, so for these groups a more patient approach based on communication, coaching or awareness-raising may be required.

There is a need to develop research and intelligence on skills related issues, HR management and developing more flexible workforces. Some countries try to protect jobs and prevent lay-offs. Others see "churn" as an inevitable part of change and even as a positive thing, they emphasize human resource development and the employability of individuals, on the basis that making people more employable helps them re-enter the workforce, whether they leave through lay-off, for family reasons or experience difficulties due to a disability. In any case there are different

models and there is a need to develop the ability to think about these issues in a systematic and actionable way.

**8. There is a need for timely small business oriented skills development services.**

Small businesses are a very important part of the economy, but they are generally harder to reach than large businesses with established HR functions. Effective measures in this domain could have a very large impact on the overall prosperity of the nation. Economic development and the reduction of unemployment will require a range of measures addressed to different kinds of economic actors - large companies, new start-ups, small family businesses and the self-employed. Lifelong learning or on the job training solutions are required to address the specific needs of these actors. This is where new technologies can help via the provision of access to online courseware or teleconferencing based skills services, as well as start-up oriented business development models such as the “lean start-up” model piloted at Stanford University in 2009. It requires linking people with real business knowledge with courseware designers, and systems for efficient service delivery, as well as new business models.

**9. There is a need to ensure the availability of wide range of qualifications for priority sectors such as tourism, agriculture, energy and construction.**

The development of national qualifications frameworks with a view to implementing the European Qualifications Framework (EQF) and the shift to learning outcomes approach is an on-going process in Montenegro which will require sustained efforts over a longer period of time. By changing the perspective from an input-oriented learning process to learning outcomes, comprehensive frameworks which include general education, VET and higher education, can help create transparent, permeable and flexible national qualifications systems. This significantly improves access to different types of education and training and is supportive for availability of skills. In Montenegro, the focus should turn to developing qualifications first and foremost for priority sectors –tourism, agriculture, energy sector, etc.

**10. There is a need to ensure the availability of high quality vocational skills for youth and adults.**

The rising demand for skills and education and training will lead to a great expansion in the provision of education and training services. The quality of education and training is seen as a key factor related to the efficiency of education and training. It is also a key factor that influences attractiveness of the training programmes provided. The focus should be on strengthening quality in education and training across all levels and all forms of education and training. Attention should be paid to quality assurance in VET, both initial VET and Continuing VET. The reason is that high quality VET has a crucial role to play in ensuring the country's capacity to respond to the economic challenges it is facing.

Quality assurance in education and training is also developed on the bases of common European guidelines and tools to increase comparability and transparency in the single European market. For improved quality, increased transparency, mutual trust, the mobility of workers and learners, and lifelong learning, participating countries should establish quality assurance frameworks in accordance with the EQAVET. Furthermore, by the end of 2015, participating countries in the Bruges Process are expected to establish at national level a common quality assurance framework for VET providers, which also applies to associate workplace learning and which is compatible with the EQAVET framework.

**11. There is a need to ensure that teachers and trainers are well prepared to deliver high quality education and training.**

Montenegro should improve initial and continuing training for teachers, trainers, mentors and counsellors by offering flexible training provision and investment. The ageing teacher and trainer population, changing labour markets and working environments, together with the need to attract those best suited to teaching; make this objective even more critical. Traineeships for teachers

and trainers in enterprises should be encouraged. A move away from classic pedagogical jargon towards new concepts for teachers' professional development will greatly help education and training to improve performance.

## **12. There are challenges related to the provision of resource-efficient solutions for training required by niche markets.**

This is about the cost- effectiveness or overall business model of training initiatives. There are costs associated with the development and implementation of training programmes. It is important to check if the benefits of such programmes are greater than the costs. An ideal situation is where a private training organization takes on the provision of a training service once it has been launched. There is evidence that training developed for niche labour markets in Montenegro has not always been sustainable or cost-effective. This is natural, but one can ask what are the lessons learned and if the lessons are applied in following these initiatives. In particular, it is not interesting or financially viable for private training providers to continue programmes even if they have been piloted on the basis of state aid or subsidies. It is sometimes of limited impact in terms of the number of people trained.

This suggests a need to look more carefully at the business model or potential economic impact of specific skills initiatives. By 'business model' we mean the whole cost structure of the programme. For example, when a training need is identified we could establish a local programme or we could send the trainees abroad to where a programme has already been established. In each case, the cost structure is very different. The sustainability of one approach is also very different. The outcome could be the same, but the impact in terms of value for money and sustainability is different. This is why we talk about the 'business model' behind the initiative. It could be useful to introduce some basic disciplines that oblige actors to select from a set of options the ones with the most potential impact, involve the private sector in initiatives that are commercially viable, experiment with new business models for service provision for example based on public-private partnerships, cost sharing arrangements between the public and private sector as well as new forms of social enterprise.

## **13. Stabilize skills related services that work.**

There is evidence that several successful initiatives in the past were shut down before they achieved their full impact.

Is it possible to make explicit the conditions under which programmes are discontinued? For example, in case they are discontinued in an unforeseeable or uncontrollable way, due to donor constraints. Is it possible to improve this situation? One idea is to establish a continuity fund that extends initiatives that have been successfully started or piloted using donor contributions. It should be possible to plan on a life cycle basis so that initiatives are piloted, evaluated and then extended or shut down based on widely agreed criteria.

## **14. Guarantee financing for successful measures.**

This is related to the item above and the desire to provide continuity to measures that have been successful.

There seems to be a need to examine in more detail the criteria for success. By this we are asking if success means a large number of people availing of the programme or course, or if it means a large number of people finding employment as a result of participation. One can enquire as to the suitability of the business model for service provision. Perhaps it is not enough

to simply pilot a measure from a pedagogical or labour market point of view, it must also be piloted from a business model sustainability point of view.

#### **15. Provide more flexible financing and business models for skills related service provision.**

By this we mean the business model for service provision: who develops and provides the service, who pays for it and how? Is the service the result of a PPP? Can it be provided by the private sector? For any service we can ask questions such as the following to help us understand if the benefits are worth the investment, or decide between different approaches to achieving the same goal. In each case we can ask:

- What impact can be expected?
- What actions need to be taken to address the issue?
- Who needs to be involved?
- Who will take the lead?
- What can we do now to get started and make a real step forward within a short time-frame?

### **2.5 Other outputs from the process**

#### **Success Scenarios for Montenegro in 2020**

Most people encounter scenarios in the context of scenario planning. In this context, scenarios are created as test cases to see how one might react, what decision will be made and what actions will be taken given the course of events depicted in the scenario. In general, the scenarios are negative in the sense that they depict problems, conflicts, difficult situations that may lead to a crisis or a failure of some sort. The idea is that a manager under pressure will know what to do having prepared on the basis of relevant scenario work.

Seldom do people prepare for success. It is important to do so however if we are to optimize the impact of things working out the way we would like. For this reason we sometimes refer to “success scenarios”. It is also possible to use scenarios to illustrate some future state that you want to obtain. Methods exist to use scenarios to describe the current state of affairs, a future state of affairs and then the changes or actions needed to move from one to the other. This is another form of scenario planning based on the use of success scenarios and it is this approach that we practiced in the case of the FRAME project in Montenegro.

In the jargon of the trade, the current state is described as the alpha scenario, the future desirable state is described as the beta scenario and the actions needed are described as the delta scenario.

## Work Group 1

- **Employee and Employability Issues**
- **Employer and Enterprise Issues**
- **Institutional and Service Provider Issues**

### ALPHA SCENARIO

- Low employment and huge regional differences in employment: high youth unemployment, insufficient mobility and flexibility of labour, insufficient inclusion of marginalized groups in the work process
- Insufficient number of training providers in the North and a low percentage of population included in life-long learning
- Low percentage of unemployed and employed persons covered by active employment measures
- Low level of subsidies for employers that employ hard-to-employ people
- Weak participation of enterprises in the process of enrolment policy and curricula development
- Low level of financial and advisory support for starting a business; unfavourable business environment
- In their work, enterprises do not use innovative methods and techniques (IT) to a sufficient extent
- Low level of flexibility of public administration to respond to the labour market needs, needs of the enterprises and citizens

### BETA SCENARIO

- **Unemployment reduced and balanced**
- **Lower share of the young, women and marginalized groups in the unemployed**
- **Active participation of adults in lifelong learning so that we can get competitive labour (20%)**
- **15% of persons from the records of the Employment Agency covered by active employment measures**
- **Higher motivation of employers for employing hard-to-employ categories**
- **Proactive attitude of companies in enrolment policy and curricula development**
- **Developed entrepreneurial awareness and favourable conditions for starting up businesses and sustainable development of the existing enterprises and generally improved business environment**
- **Competitive enterprises that use innovative and modern technologies in business**
- **Public administration and institution function as an efficient service to citizens and industry**

### *Proposal for a vision:*

**Montenegro in 2020:** a country with one million residents which uses its resources in an efficient and responsible way and responds to the needs of its citizens and economy; a country with a favourable environment for development of entrepreneurship and sustainable growth of enterprises and realistic opportunities and conditions for employment, lifelong learning and research.

## Work Group 2

- Labour Market and Systemic Issues
- Governance Issues

### Labour market and systemic issues:

**Young people do not seem to be interested in occupations that seem to have a prosperous future.**

#### ALPHA SCENARIO

- No selection of students based on their affinities and achievements in earlier levels of education in certain groups of subjects to determine their aptitudes important for future career development
- Insufficient promotion of scarce occupations
- Insufficient financing of the programmes for specialisation in scarce occupations and insufficient number of scholarships for students in education for such occupations
- The state does not create an appropriate environment to make prosperous occupations attractive through the social and economic status they can bring, so that too strong influence of parents to their children's career choice can be reduced
- Economic uncertainty due to the seasonal character and length of working hours in some of the occupations
- A small number of development departments in companies, which also means that there is a poor interest of employers for employing researchers in the industry

#### BETA SCENARIO

- **Reduced number of young unemployed persons**
- **Young people competitive in the EU market with their knowledge and skills**
- **Prosperous jobs generated in the key economic areas**
- **Increased number of young entrepreneurs**
- **Education system capable of responding to the labour market needs**

### Governance issues:

**We have to motivate young people to take an active part in the development of strategic documents that affect them**

#### ALPHA SCENARIO

- Insufficient participation of the young in the decision-making councils and bodies
- Insufficient impact of pupils' and students' parliaments, Office for the young and NGOs in decision making
- Insufficient systemic knowledge of the young for participating in the development of strategic documents
- Poor motivation of the young since their opinion is not respected
- Lack of information on the possibilities for inclusion of the young in the adoption of strategic documents that affect them
- Insufficiently developed awareness in the state that it is the young that make 2020

#### BETA SCENARIO

- **Young people participate to a large extent in the adoption of strategic documents that affect them**

***Proposal for a vision for skills for 2020:*** Montenegro is a learning society, society of innovative entrepreneurs with competitive economy and the system ready for global, regional and internal challenges.

## Work group 3

- **Entrepreneurship and Innovation**
- **Research, Science and Technology**
- **Technology, New Ways of Working and New Skills**

### ALFA SCENARIO

- Insufficient promotion of entrepreneurial way of thinking, training in the field of entrepreneurial skills, inclusion of entrepreneurship on all education levels; poor support to development of family business and lack of recognition of female entrepreneurship as a driver of economic development
- Insufficient development of research departments in companies and poor interest of employers for employing researchers, particularly PhDs
- Insufficient investment in human resources development and insufficient knowledge of managers in the area of change and risk management, as well as poorly developed awareness on corporate social responsibility
- Insufficient links between science and economy
- Low level of investment into science, particularly by the private sector
- Insufficient understanding of the role that science and technology have in development and innovation and insufficient inclusion of new technologies in the education system (e-services, distance learning etc.)
- There is no Office for transfer of technology and intellectual property (or any other organization form) in universities

### BETA SCENARIO

- **Education system and economic policy encourage development of entrepreneurial way of thinking and competencies, with special support measures for female entrepreneurship and family business**
- **Private sector invests in research and development, development departments operational in enterprises and employers employ researchers**
- **Managers trained in change and risk management and in skills for corporate social responsibility**
- **System of education and training follows development of new technologies, private sector invests in science, new values are created and GDP growth has increased**

### *Three proposals for a vision:*

- Montenegro – a society of knowledge based on human capital, education, research and innovation, with human capital that contributes to the development of a competitive and dynamic economy, capable of sustainable economic growth with a larger number of jobs and stronger social cohesion.
- Montenegro is a country where the education system produces high quality human resources with skills for adapting to changes in business and with entrepreneurial skills that work for economic development, while on the top of the ladder of economic prosperity there are innovators in science and technology, able to be leaders in risky and uncertain situations.
- Montenegro – a country where human resources are trained and technically competent in their fields, professionals willing to cooperate and participate in work, whose development is based on quality, success and innovativeness.

## 3. The Vision, Priorities and Roadmap

### 3.1 The Vision Statement

Coming up with a vision statement that is meaningful for a wide variety of actors, as is the case in the FRAME initiative for Montenegro, is not as easy as it sounds. It requires a phased structured approach, if it is to be successful. The result is a statement that all actors see as meaningful, despite their wide range of roles within the system. It has to be sufficiently optimistic and ambitious to be appealing, while also being credible and attainable albeit with a stretch. But first a few words of clarification. It is easy to confuse vision statements with mission statements, and attempts to develop vision statements often end up producing mission statements instead. So it is worthwhile taking the time to understand the differences between the two. Mission statements tend to be specific to each actor. They refer to what that actor is doing now to realize the vision. On the other hand the vision statement is about the kind of 'better place' we would all like to be at some time in the future, and which we can all help create by working together. The vision for skills in 2020 is therefore not really about skills, but about the kind of a better Montenegro that could be enabled by the system for skills, knowledge and competencies. Such a shared vision is useful if it helps us understand the purpose of skills, knowledge and competencies in terms of the kind of Montenegro that these will help create.

Because it is more difficult than appears at first sight, the visioning process started at our second workshop held in Podgorica on 19 and 20 March 2013, and was completed at the third workshop on 23 and 24 April. In the second workshop we focused initially on the development of 'success scenarios' for Montenegro in 2020. These helped us to think about Montenegro in 2020. Basically, we were asking 'what kind of a Montenegro will we find ourselves in by 2020 if we successfully address what we consider to be issues and challenges facing the skills system today?' These success scenarios provide us with insights into the kind of Montenegro we would like to see in 2020.

From a practical point of view we divided into 3 groups working independently on their own version of the vision. We then came together, to discuss the different versions of our vision as well as the advantages and disadvantages of each formulation. The groups continued working between workshops and in workshop 3 we worked out a final version that everyone was happy with.

It is interesting to look at what the 3 groups came up with before looking at the final version that everyone agreed on.

**Vision 1:** "Montenegro is a state with 1 million inhabitants. It uses its potential in an efficient and responsible way to react to the needs of citizens and companies. It provides a favorable environment for the development of entrepreneurship and enterprise. It provides real opportunities for employment, long life learning, career advancement and scientific research activity."

**Vision 2:** "Montenegro is a society that learns. It is a society of innovative entrepreneurs with a competitive economy and system ready to react on global, regional and internal challenges."

**Vision 3:** "Montenegro is a country with an educational system that creates quality people, who have skills of adoption to changes in the business system and country in which entrepreneurship and innovative skills are developed in the function of the economic development."

The final version of the joint vision statement is as follows:





### 3.2 Priorities and Objectives

The starting point for developing the roadmap is a list of priority areas considered essential if Montenegro is to achieve its “Vision for Skills 2020”.

Exploratory visits by ETF experts prior to the first FRAME workshop resulted in a preliminary set of “issues” that were progressively developed in the course of Workshops I and II. The recurring issues are discussed in detail in Part III of this document. The original list was much longer and the workshops helped to clarify and validate them, eliminate redundancies or overlaps, understand their interrelationships and put them in a more global perspective. This list grew in size and depth over the course of the workshops and what emerged each time was a more complete picture but always in rough form. The lists required extra work between workshops to crystalize the main ideas, simplify them and express them in a more reader friendly language and form. Eventually, we saw that to achieve the vision for skills in 2020, it would be necessary to channel the attention and efforts of actors towards developing knowledge, skills and competencies needed for the growth of the economy, quality of life for individuals and social justice based on inclusion. These are the three top priority areas for action. There is no hierarchy among these priorities. They must all be pursued independently and by 2020 Montenegro aims at improvements under these 3 headings.

To enable this however we need to work towards a skills system that is more balanced than it is today, balanced in terms of the match between labour market supply and demand. This will require improvements on a number of levels, but it will not be enough to simply do better all of the things we have been doing before, some new elements are also required. In particular, a smarter, more anticipatory approach to understanding future skills needs an approach where actors proactively anticipate change, in addition to a more efficient response to measurable trends or immediate changes in demand. These are not the only changes required at system

level, but this transition will be a major factor for future success in realizing the vision for 2020. Finally, it is noted that other changes are needed to the overall system, changes in relation to the overall EU accession process and the deepening of Montenegro's relationship with the EU, as well as in the area of more directly involving one of the most important groups of stakeholders, the Montenegrin youth.

In this way we have identified 5 main priority areas for action which form the basis for our roadmap as follows:



### **Priority 0: Develop a Balanced Anticipatory Skills System**

One theme that arose repeatedly in the course of the workshops and discussions with the various actors was the relatively poor match between labour supply and demand. Graduates often have difficulty finding jobs. The reasons are varied and include poor choices made by students when they enter education, an oversupply of educational services in areas of limited demand, and also poor anticipation of real skills needs on the part of employers. Reducing the current mismatch will mean better employment prospects for graduates, better levels of overall youth employment, and fewer unfilled posts for employers. This will require improvements to the existing systems and practices, as well as the introduction of new, more anticipatory techniques that create insights into new skills needs and new labour market trends with longer time horizons enabling actors to better plan ahead, helping trainers to create new services in response to anticipated changing needs, helping managers revise their HR strategies and for employment counselors to provide better career orientation and advice to individuals.

To address this priority we have defined a single objective along with a range of measures for implementing this objective.

#### **PO-01: Improve the match between skills supply and demand**

Companies are often frustrated that they cannot find in the local labour pool graduates or employees with the skills and experience they require. There is a high level of youth unemployment, and graduates from both the HE and the VET system are often frustrated when they do not find jobs once they leave college. There is clearly a high level of misalignment between the needs of employers, the choices young people make when they go into education and the courses on offer. This supply-demand mismatch is one of the most important structural

issues affecting growth and quality of life today. The responsibility for this is shared between young people and the choices they make, the institutions and their policies on courses and enrollment, as well as the policies of companies for recruitment and HRD. A comprehensive range of measures is required to reduce this supply-demand mismatch.

Measures are required that touch upon entry quotas of universities, schools and colleges, as well as career guidance services. Measures are also required to help companies either on a sectoral or individual basis to improve their HRD systems, how they make best use of skills and contribute to further skills development. There is considerable scope for improving the nature and the quality of their interactions with education and training service providers.

Further measures are required to develop a comprehensive **labour market information system** with transparent and easily accessible information to all stakeholders.

Finally, new **anticipatory approaches** need to be applied to understand and anticipate new needs in terms of knowledge, skills and competencies. These approaches are necessary to extend the time horizons for thinking about skills needs. They can target combining national, local, and sectoral levels, supply and demand side, and involving all relevant stakeholders who transfer data into decisions and actions throughout the skills system.

The ability of employers to anticipate future skills needs and communicate these to recruitment agencies and educational service providers is an important element of a dynamic responsive skills system. This requires collaboration among actors and future intelligence about the economy, about work and about how it is likely to change in time. There are many techniques that can be applied, such as trend analysis, future studies and foresight. These techniques are not yet introduced in Montenegro or at best are employed only to a limited extent. They are not used on a systematic basis and so the overall dialogue about future skills needs, the impact of new technologies on work and the skills required to do work, on job descriptions and the career paths available, the impact of new or emerging areas of economic activity on the labour market, the evolution of established areas of activity based on new practices, the evolution of markets and new consumer needs, all of these issues are not yet well developed in Montenegro. They need to be introduced and integrated into a system of basic background activity which creates the intelligence needed to inform debate on future HRD needs. This can build upon the existing work of the sectoral councils at national and local level, as well as the business associations, HRD professional and researchers working in relevant domains.

### **Priority 1: Skills Contributing to Greater Economic Growth and Development**

The skills system should contribute to the growth of the Montenegrin economy. This priority addresses mainly demand-side issues. Which skills are needed for the 3 key economic sectors, tourism, agribusiness, energy and construction? On another level what skills are required for the development of a knowledge-based economy, a sustainable economy and an economy based on innovation. What needs to be done to boost job creation, to support start-ups and growth of SMEs? How can enterprises make best use of skills and further develop skills of the workforce? What is the role of investment in research, innovation and technology? What impact will this have on work and skills needs? Many future jobs will come from new businesses and from better run family businesses, businesses that are not intended to grow but which have a huge impact on jobs through their sheer number, especially in sectors such as agriculture, tourism and construction. This is not just about the needs of employers, but the needs of entrepreneurs, part time and seasonal workers as well as small business owners.

This priority translates into 3 overall objectives, one aimed at national priority sectors for industrial development, one aimed at entrepreneurial creation of jobs, and one focused on unlocking the potential of seasonal work.

### **Objective P1-O1: Improved Knowledge, Skills and Competencies in National Priority Industry Sectors**

The national development plan refers to three priority industry sectors, considered to have considerable untapped potential for the provision of employment and for economic growth.

- Tourism
- Agriculture
- Energy and construction

A white paper on tourism already exists. The focus for the energy sector is on energy efficiency and especially on the role of construction in achieving higher levels of energy efficiency. Growing these sectors will require a whole new set of skills and capabilities that need to be developed in conjunction with the major employers and sectoral associations. Future HRD measures should explain how they will contribute to the creation of growth and employment in these sectors.

Although it is hard to predict exactly what skills are required in these industries in 2020, it seems clear that skills will be required in a variety of domains that will be relatively new and perhaps even unknown today. In particular, skills are needed for green sustainable growth, for innovation and entrepreneurship. These sectors need help to anticipate changing needs in terms of knowledge, skills and competencies. This will pose a challenge not only for entry level employees, but also for management, not only for general management but also for those involved in Business Development and the Development of Human Resources.

Industrial actors cannot do everything on their own. They will require support from the research and academic community to adequately anticipate changing markets, to position themselves and plan for the future.

Access to the markets of the European Union will provide a great number of opportunities for growth. But companies in Montenegro will need to learn to do business with Europe, set up new sales, marketing and distribution channels, put in place new systems for quality assurance and ensure compliance with norms and regulations intended to protect the European consumer.

### **Objective P1-O2: Increased entrepreneurial creation of jobs and labour force demand**

The ability of large enterprises to provide employment for all those entering the labour force is limited. High levels of future employment are only attainable if entrepreneurs start up new companies and create new jobs for themselves, their family members or for others in their community. That is why it is necessary to support entrepreneurship and help small family businesses grow.

This is a new challenge for modern systems for education, training and lifelong learning. Educational systems need to prepare not only good employees but also future entrepreneurs. This requires a mixture of measures such as training in entrepreneurship skills as well as infrastructure to support early stage or start-up ventures. Entrepreneurs and people running small businesses need help as well. They also operate in a competitive marketplace with

changing needs. They too need to keep up with innovations, upgrade their skills, work more efficiently and enter new markets. As their businesses grow so do the demands on founders and other entrepreneurs, but their availability to take part in formal training programmes based on the classroom format is limited. Advisory and coaching services play an important role. The nature of these depends on the sector, for example the approach needed for reaching out to farmers is quite different from that necessary for entrepreneurs in new media and ICT.

Family businesses have a special set of challenges in relation to the transition from one generation to the next. Families do not like to talk about this and there never seems to be a good time until it is too late, but poorly planned and managed transitions can result in considerable losses for all concerned. Appropriate advice and coaching can be of great benefit.

Finally, certain categories of entrepreneurs face specific challenges that require dedicated efforts to address. For example access to business loans for female entrepreneurs has been flagged as one of the most important barriers preventing women entrepreneurs from developing their business. It is a general problem but is especially important in areas such as tourism and agricultural production. It will require a specific measure to understand the problem, and to propose and pilot solutions.

#### **Objective P1-O3: Fully Capitalize on Opportunities Provided by Seasonal Work**

Despite the high level of availability of seasonal work in Montenegro, especially in areas such as construction, tourism and catering sector and agriculture, local employers rely mainly on unskilled foreign labour to get the work done. It is estimated that seasonal work could employ a further 15,000 to 20,000 people in the tourism sector alone throughout the peak season. This would have a significant impact on both employment and employability. The challenge however is to understand how to boost the take-up of seasonal work.

The issue is complex and goes beyond the issue of skills, in principle it touches upon:

- Pay and working conditions
- Skills and qualifications
- Appropriate legislation and enforcement
- The mobilization of sectors of society
- Awareness of opportunity
- Attitudes towards seasonal work

It also touches upon the need for innovation in these sectors, innovation that will extend the season so that people can be employed for longer, or so that workers can more easily develop a portfolio of different jobs that they do depending on the time of year. Increasing local employment in these sectors therefore goes beyond the skills needs and qualifications of workers and touches upon the needs of the managers and entrepreneurs in the field in terms of:

- Awareness of global sectoral and consumer trends
- Entrepreneurship, innovation and new business development
- Investment opportunities

## ■ Infrastructure and other related issues

Progress on this complex issue requires a determined structured approach that goes beyond the usual practices of institutions and individuals operating in the skills sector. This will require an approach that involves specific industry sectors and specific worker populations. It needs to combine elements of future studies, foresight, economic analysis, sectoral dialogue and social problem solving.

### **Priority 2: Skills Contributing to Greater Quality of Life**

Skills provide individuals with opportunities for employment as well as personal growth and fulfillment. In this sense, the skills that an individual acquires have a direct impact on their quality of life. This priority focuses mainly on the supply side of issues. It covers the wide range of knowledge, skills and competencies created by the system for education, training and lifelong learning. It also concerns labour market policy related to skills and to matching skills and jobs, measures intended to reduce unemployment or raise employment rates, further including guidance and counseling, and enhancing the employability and increasing the career options available to people. This priority also touches upon the quality of employment, career paths and the choices young people make at an early age, in terms of what they study and where, where they go for work experience and what they do during the holidays.

This priority translates into three major objectives. One concerns the employability of youth. Another one concerns the overall participation of Montenegrin citizens in Lifelong Learning programmes. The third one deals with the issue of transferrable skills and key competencies.

#### **Objective P2-O1: Higher Youth Employability**

This objective overlaps slightly with P0-O1, the mismatch between skills supply and demand, but here we address a range of complementary issues needed to complete the picture.

The Government of Montenegro has implemented two important programmes addressing the needs of youth. These are the “Work Experience Programme” and the “Youth Initiative”. While it is important to continue these efforts and complete the implementation of these programmes, other measures may be needed.

Specific measures intended to increase the involvement of youth in employment could focus on seasonal work. It seems that the participation of Montenegrin youth in seasonal work is very low. However it can play an important role in their personnel development by helping them to gain independence earlier, learn the value of work and money. It also helps young people to grow into adulthood, learn organizational skills and accept responsibility, acquire the social skills necessary for professional life and social harmony.

These measures may have links with P1-O3, which aims to fully capitalize on the opportunities provided by seasonal employment, as well as P4-O1, which aims at the greater engagement of youth in policy development and implementation.

Another issue to bear in mind is the role of attitudes. These can be barriers or boosters to progress. They shape how we think about change, what we consider an attractive career or life-style choice. It has been observed in the working groups of this FRAME initiative that Montenegrins sometimes have many values and attitudes that cause individuals to miss out on opportunities for employment and personal growth. These include attitudes towards risk taking, new technologies and innovation, adaptation and change, investment and entrepreneurship, certain types of occupation or career choice. Raising awareness and encouraging appropriate behaviors are among the many tools and techniques that can be employed to change attitudes for the better and help people get the most out of life. Greater engagement with youth is essential to understand what attitudes exist and how to work with them to achieve better outcomes.

## **Objective P2-O2: Higher Overall Participation of the Population in Life Long Learning**

Participation in lifelong learning is essential for individuals to maintain their employability and it helps them to continuously upgrade and develop their skills, maintain their job options and increase the quality of their employment by helping them to move on from an existing job or position to one that is more interesting and fulfilling or higher paid. It is also an issue for companies that need to develop the capabilities of their employees, especially in domains that are company specific or that require maturity and experience that can only be gained through work. It is also important for self-employed people and entrepreneurs. They tend to underestimate their need for learning. They are often not aware of the options available, how to access services and the value these can provide.

The EU average for participation of adults in lifelong learning is 8.9%. The ambition of the EU is to increase this to 15% by 2020. The figure of 0.1% sometimes quoted in official statistics for Montenegro is too low, being based on partial data. In any case we know that the figure is very low and that a lot needs to be done to catch up and introduce a new way of thinking about skills by individuals, entrepreneurs and family business owners as well as the HR managers of larger, more structured companies.

In principle, IPA II provides opportunities for the financing of lifelong learning related programmes, not just related technical assistance.

## **Objective P2-O3: Increased Development of Transferable Skills and Key Competencies**

Transferable skills have an important role to play in the overall employability of individuals by allowing them greater job mobility. The basis for generic skills and the ability to learn is formed during childhood, in pre-school, primary and secondary education. Early on in a career, these relate to things like languages, communication skills and ICT literacy. Later on in life they might refer to organization and management skills.

We could think in terms of general skills for working in a knowledge economy or the green economy. The knowledge economy is not a separate industry sector. All sectors of the economy are becoming more knowledge intensive and all sectors of the economy need to become more sustainable. The skills for a knowledge economy include general soft skills that equip the individual to learn on a lifelong basis, collaborate and adapt to change. These include technical skills such as IT skills, which are required by all employees in every sector, regardless of their overall level of education. It includes more advanced future oriented skills, such as the ability to collaborate online or in large networks of professionals, as well as skills for managing change and working in a fast changing innovative sector.

## **Priority 3: A Socially Inclusive Skills System**

In principle, there is some overlap between this priority and the previous one dealing with quality of life, but in this case we focus on the need of identifiable social groups, where some extra effort is required. It is an expression of the principle of social equity and a hallmark of a caring society that looks after its citizens by providing all citizens with access to education and the opportunity for personal and professional advancement. This priority focuses on inclusive education and an inclusive labour market that can be enjoyed by all citizens regardless of their age, gender, ability or place of residence. This touches upon a large range of issues, for example issues related to gender and the ability of women to access loans for business development, or to access positions in higher management or board level positions in companies. It touches upon issues related to the position of minority groups, in particular the REA. It touches upon issues related to people with disabilities and an ageing workforce. The modern philosophy is that it is not enough to train people with disabilities, how to live and work in society, but that all citizens should be

trained on how to live and work with people of different abilities. In this philosophy, it is not only important that some with a disability participate fully in mainstream educational activities, but that it is also important for young people to learn how to live with and collaborate with people of different abilities.

The European concept of social inclusion has evolved over the years and corresponds to the idea that it is up to society to accommodate itself to people of different abilities and capabilities, and not the other way around. In the EU people now talk about “a Europe for all Ages” and “a Europe for all Abilities”. Many challenges can be met on the basis of new design philosophies such as “universal design”, also known as UD, “design for all”, “design for one”, or “inclusive design”. The idea is that many of the barriers that exist in society could easily have been avoided by better design choices and could therefore be eliminated and at no extra cost. The concept not only applies to physical infrastructure such as rooms, stairs, pathways and bus stops, but also to virtual life online. Many people with partial sight or hearing need to go online to access movies and music, buy things, use Facebook and connect with their friends through Skype. All of this is possible especially when combined with modern screen readers and translation software. However, poorly designed websites or smart phone apps can be a barrier to access. Good design can remove these barriers. We also realize that design that removes barriers for people with a disability also removes barriers for everyone with a different level of ability, for someone who wears glasses, or should wear them but has not realized it yet, someone who is old and cannot climb stairs so easily, as well as someone who is busy driving a car, parents looking after children or travelers carrying lots of bags.

The government of Montenegro has already adopted 14 recent legislative measures related to the rights of people with disabilities. This provides the context for future initiatives.

This priority translates into 4 main objectives that address specific issues such as inclusion of people far from the labour market, the participation of the REA population in education, employment and entrepreneurial activity, as well as the inclusion of people with disabilities or special needs.

### **Objective P3-O1: Increased Employability of People far from the Labour Market**

One of the goals of the country is to achieve balanced regional development. This corresponds to the ideal of similar levels of access to education and employment regardless of the region. But physical distance is only one form of distance from the labour market. Addressing these challenges requires a range of what are called Active Labour Market Measures. These should be designed with specific populations in mind, for example:

- Long Term Unemployed
- People with low levels of skills
- People living in remote areas
- Informal workers
- Other categories of people far from the labour market

### **Objective P3-O2: Increased Participation of the RAE Population in Education, Employment and Entrepreneurial Activity**

Low literacy or low levels of educational attainment is a major source of social exclusion. We need to achieve high levels of educational attainment, in particular among all groups at risk of social exclusion but especially among the REA. Experience in other countries has shown that for older segments of this population the most effective measures may focus on self-employment and entrepreneurial activity.



### **Objective P3-O3: Reduced Drop-out Rates for the REA Population**

Drop outs from education are an important factor for access to employment. It is an issue for all populations at risk of being excluded. The problem is considered to be especially important among certain population groups such as the REA group. Addressing the issue will require an understanding of root causes and a creative approach to the provision of solutions that may need to take account of language issues, culture and family attitudes, as well as physical and logistic issues related to design of buildings, the location of facilities, the availability of suitable forms of transport or the need for special equipment. Some basic work may need to be done in the design and piloting of effective approaches. However it is a key to future employment of people from at risk populations.

### **Objective P3-O4: Increased Opportunities for Education, Employment and Entrepreneurial Activities for People with Disabilities and People with Special Needs**

The motivation for this is similar to the case above. Many of the actors are different. There may be opportunities for synergies or transversal actions. The issue of equitable access to education for example has much in common with equitable access to transport or public services more generally. Many issues that are important for people with a severe disability are also of increasing importance for people as they get older, and need help getting around. This may be an occasion to introduce ideas such as “universal design”, “design for all” or “inclusive design” at a more general level. Further reflection is required to ensure the greatest level of synergy among agendas that would otherwise compete for funding or political importance.

### **Priority 4: Improving the Skills System**

When we talk about systemic issues we usually mean issues that fall outside of the existing system or outside of the responsibility of individual actors within the system. This priority is about institutional and cross-cutting issues that affect the ability of the system as a whole to plan, execute and meet its objectives, to monitor and evaluate its policies and to evolve and improve its overall ability to deliver on objectives. It may include institutional capacity development measures, research in the field of HRD and labour market and educational information and monitoring systems. In terms of objectives underlying these priorities and measures to achieve these objectives, some of these issues are already adequately dealt with under other headings. Under this priority we therefore only refer to two major outstanding issues, youth engagement and the development of structures linked to the EU accession process.

We have spent a lot of time and effort over the last month’s meeting together and discussing issues for which we have a shared interest. We do this because of the need to share information that will help us to set priorities, to plan and coordinate our efforts. The advantage is that this will allow us to avoid overlaps, identify gaps in policy that may need to be filled and decide priorities so as to optimize the overall outcome of our efforts. There is another reason why we need to come together and that is to identify problems that need to be solved to achieve better outcomes, but which can only be solved on the basis of cooperation that goes beyond our usual ways of doing things. Part of our job is to identify exceptional issues that present real barriers to progress, but for which no one is directly responsible, and for which no action is foreseen based on the usual rules and processes that we apply in our work. These are the systemic issues, issues that exist at the level of the system and which have not yet been addressed by any single actor working on its own.

The interest is always that addressing these issues enables the system to move onto a whole new level of performance. The challenge is that the actors within the system are always able to mobilize to address the issue and some external agent is required to mobilize actors and resources, to crystallize efforts in a useful way.

### **Objective P4-O1: Greater Engagement of Youth in Policy Development and Implementation**

We talk about youth but rarely involve them in our strategic conversations. They need to be involved from an early stage in policy debates that concern them and their future. This allows them to learn about the future and think about things that are important for their career, lifestyle and employment opportunities. Young people listen to each other and learn. We need to create platforms to channel their energies and support a dialogue with decision makers.

**Objective P4-O2: Established Normative and Institutional Frameworks for the Use of EU Funds and Donor Funds for the Implementation of Key priorities and Objectives**

Montenegro is a candidate for EU Accession. It is a participant in the Copenhagen Process and seeks to achieve the Strategic Objectives and Short-Term Deliverables set out in the Bruges Communiqué. It has made progress towards meeting some of the Bruges Short-Term Deliverables. It is currently preparing for the implementation of IPA II in view of the accession process. This will involve setting up an Operational Structure. The final steps will be the certification of this structure. Eventually a system for monitoring and evaluation will be introduced. More in-depth work on institutional arrangements will be done in the course of the second FRAME component, “Review of Institutional Arrangements”.

<b>Table 2: Summary Table of Priorities and Objectives</b>			
<b>P0: A Balanced Anticipatory Skills System</b>			
<b>P0-O1: Improve the Match between Skills Supply and Demand</b>			
<b>P1: Skills Contributing to Greater Economic Growth and Development</b>	<b>P2: Skills Contributing to Greater Quality of Life</b>	<b>P3: A Socially Inclusive Skills System</b>	<b>P4: Improving the Skills System</b>
<b>P1-O1:</b> Improved knowledge, skills and competencies in national priority industrial sectors <b>P1-O2:</b> Increased entrepreneurial creation of jobs and labour force demand <b>P1-O3:</b> Increased realisation of opportunities provided by seasonal work	<b>P2-O1:</b> Higher youth employability <b>P2-O2:</b> Higher overall participation of the population in Life Long Learning <b>P2-O3:</b> Increased development of transferable skills and key competencies	<b>P3-O1:</b> Increased employability of people far from the labour market <b>P3-O2:</b> Increased participation of the REA population in education, employment and entrepreneurial activity <b>P3-O3:</b> Reduced drop-out rate for RAE population <b>P3-O4:</b> Increased opportunities for education, employment and entrepreneurial activity of people with disabilities and people with special needs	<b>P4-O1:</b> Greater engagement by the youth population in policy development and Implementation <b>P4-O2:</b> Established normative and institutional frameworks for the use of EU funds and donor funds in the implementation of key priorities and objectives

### 3.3 The Roadmap, Measures and Indicators

To complete the roadmap it is necessary to add a number of layers of detail to the lists of priorities and objectives that have been so far defined.

Each objective will be addressed via measures, concrete initiatives to be carried out, mainly on the basis of IPA II funding along with other ongoing programmes.

The precise details of these measures will be worked out later along with an appropriate set of performance indicators. More in-depth work on indicators and targets will be done in the course of the third FRAME component on monitoring.

For now, we will only refer to indicators of “results” corresponding to each objective. Where possible, we provide a baseline figure based on the result for 2012, as well as a target figure for 2020. A list of key benchmarks can be found at the end of the roadmap. It goes without saying that the use of indicators and their meaning will require interpretation. Skills, for example, are not the only inputs affecting the number of people employed in a sector or its share of GDP. But the link should be clear, although in each case it will require some care and analysis in interpretation. For each objective we therefore define a set of indicators of results and leave any further development of indicators for performance to those who will work on the details of each measure.

A further level of detail is required in terms of who or which ministry will be responsible for follow-up on each objective, as well as the other actors that will need to be involved in the design and implementation of measures as well as in the monitoring and evaluation of results.

The roadmap is presented in the tables of the following pages.

#### List of acronyms are used in the following tables

MLSW	Ministry of Labour and Social Welfare
MOS	Ministry of Science
MIST	Ministry for Information Society and Telecommunications
MOH	Ministry of Health
MOJ	Ministry of Justice
MSDT	Ministry of Sustainable Development and Tourism
MED	Ministry of Education
MOE	Ministry of Economy
MHMR	Ministry for Human and Minority Rights
MIA	Ministry of the Internal Affairs
MOF	Ministry of Finance
NEA	National Employment Agency
SMART	Specific, Measurable, Attainable, Time-bound

**Table 3: Roadmap Priority 0: A Balanced Anticipatory Skills System**

Objectives	Measures	Actors		What should be achieved by 2020		
		Main responsible, coordinating	Together with	Indicator	Baseline 2012	Target (SMART*)
<b>P0-O1:</b> Improve the Match between Skills Supply and Demand	<ul style="list-style-type: none"> <li>Improve enrollment policies and admissions targets for HE and VET</li> <li>Systematically gather graduate employment data</li> <li>Improve career guidance and advisory services</li> <li>Improve signaling of skill needs by industry</li> <li>Develop a coherent approach to the anticipation of skill needs based on a mixture of research, new techniques and longer time horizons</li> </ul>	Ministry of Education (MED)	MLSW; MOS; Federation of Employers; Chambers of Commerce; National Employment Agency (NEA)	<ul style="list-style-type: none"> <li>Unfilled job vacancies</li> <li>Graduate unemployment rates by level of educational attainment</li> </ul>		

\*) Specific, Measurable, Attainable, Time-bound

**Roadmap Priority 1: Skills Contributing to Greater Economic Growth and Development**

Objectives	Measures	Actors		What should be achieved by 2020		
		Main responsible, coordinating	Together with	Indicator	Baseline 2012	Target (SMART)
<b>P1-O1:</b> Improve the Knowledge Skills and Competencies in National Priority Industrial Sectors.	Support the development and implementation of the qualification system and support innovation, research and development in industrial priority sectors.	Ministry of Education (MED)	MOS; MLSW; MOE; All sectoral Ministries; Universities; NEA; Social partners & NGOs; The delivery system.	<ul style="list-style-type: none"> <li>GDP share per priority sector</li> <li>Labour productivity by priority sector</li> </ul>		

<b>P1-02:</b> Increase the entrepreneurial creation of jobs and labour force demand.	Develop programmes for training, coaching and advisory services to support start-ups and small businesses, entrepreneurs, and family run businesses.	Ministry of Economy (MOE)	MLSW; Sectoral Ministries; NEA; Investment and development funds; SME directorate; Federation of Employers; Chambers of economy.	<ul style="list-style-type: none"> <li>• Creation of new jobs</li> <li>• New self-employment</li> <li>• Start-up registrations</li> </ul>		
<b>P1-03:</b> Fully capitalize on the opportunities provided by seasonal work.	<ul style="list-style-type: none"> <li>• Support for innovation and research for designing measures in developing new measures with the purpose of increasing participation of Montenegrin workers in seasonal work.</li> <li>• Implement measures to support new job creation based on new product development, organization of HR, new career and business models.</li> </ul>	Ministry of Science (MOS)	MLSW; Sectoral Ministries; Ministry of Tourism; Ministry of Agriculture; MOE; Sectoral Associations; Social partners; NEA; Agency for inspections; Licensed scientific research institutes.	<ul style="list-style-type: none"> <li>• Share of domestic workers in seasonal work (all sectors)</li> <li>• Break down by sector.</li> </ul>		Share of 90% of domestic workers in seasonal jobs

### Roadmap Priority 2: Skills Contributing to Greater Quality of Life

Objectives	Measures	Actors		What should be achieved by 2020		
		Coordinator	Together with	Indicator of Results	Baseline (2012)	Target
<b>P2-01:</b> Higher youth employability.	<ul style="list-style-type: none"> <li>• Implement the “Work Experience Programme”</li> <li>• Implement the “Youth Initiative”</li> <li>• Encourage uptake of seasonal work by students.</li> </ul>	Ministry of Education (MED) through the Youth Office	MLSW; NEA; NGOs; Student Associations.	<ul style="list-style-type: none"> <li>• NEET (inactive youth)</li> <li>• Youth employment rate</li> <li>• Youth unemployment rate</li> <li>• Duration of youth unemployment.</li> </ul>		

<b>P2-02:</b> Higher overall participation of the population in Lifelong Learning.	Promote Lifelong Learning by supporting: <ul style="list-style-type: none"> <li>• Enterprise HRD programmes</li> <li>• Individual participation in Lifelong Learning services.</li> </ul>	Ministry of Education (MED)	MLSW; VET centre; NEA; Social partners.	% of 25-64 age group participating in LLL programmes.		5%
<b>P2-03:</b> Increased development of transferable skills and key competencies.	Support the development and implementation of programmes for transferable skills and key competencies.	Ministry of Education (MED)	The VET centre; The Employers Federation; The Bureau of Education; The Examination Centre.	<ul style="list-style-type: none"> <li>• PISA, PIRLS, TIMSS results</li> <li>• % of active population with higher level of ICT skills</li> <li>• % of active population with foreign language skills</li> </ul>		

### Roadmap Priority 3: A Socially Inclusive Skills System

Objectives	Measures	Actors		What should be achieved by 2020		
		Main responsible, coordinating	Together with	Indicator	Baseline 2012	Target
<b>P3-01:</b> Increased employability of people far from the labour market.	Active Labour Market Measures aimed at: <ul style="list-style-type: none"> <li>• Long Term Unemployed</li> <li>• People with low levels of skills</li> <li>• People living in remote areas</li> <li>• Informal workers</li> <li>• Other categories.</li> </ul>	Ministry of Labour and Social Welfare (MLSW)	MED; NEA; Social Partners; Relevant NGOs.	<ul style="list-style-type: none"> <li>• NEET rates</li> <li>• Long term unemployment rate</li> <li>• Long term unemployment share</li> <li>• Inactivity rate</li> <li>• Breakdown by gender</li> <li>• Breakdown by age group</li> <li>• Rate of informal employment</li> </ul>		
<b>P3-02:</b> Increased participation of the RAE population in education,	Measures to improve RAE participation in: <ul style="list-style-type: none"> <li>• education</li> </ul>	Ministry of Labour and Social Welfare	Ministry for Minority Rights; MED;	<ul style="list-style-type: none"> <li>• % of participation of RAE population in total unemployment</li> </ul>		

employment and entrepreneurial activity.	<ul style="list-style-type: none"> <li>• employment and</li> <li>• entrepreneurial activity</li> </ul>	(MLSW)	Social Partners; Relevant NGOs.	<ul style="list-style-type: none"> <li>• Breakdown by gender</li> <li>• Breakdown by age</li> </ul>		
<b>P3-O3:</b> Reduced dropout rate for the RAE population.	Support policy research and implementation measures intended to reduce the school dropout rate for the RAE population.	Ministry of Education (MED)	Ministry for Minority Rights; Educational institutions; Relevant NGOs.	<ul style="list-style-type: none"> <li>• School dropout rate</li> <li>• Educational attainment level</li> <li>• Breakdown by gender</li> </ul>		
<b>P3-O4:</b> Increased opportunities for education, employment and entrepreneurial activity by people with disabilities and people with special needs.	<p>Support the implementation of the 14 recent legislative measures related to the rights of people with disabilities</p> <p>Support research, education and training on social inclusion and accessibility concepts, EU policies related to “A Europe for all ages” and “A Europe for all abilities”, as well as product and service design concepts such as “Universal Design”, “Design for All” and “Inclusive Design”, especially in:</p> <ul style="list-style-type: none"> <li>• Architecture and Construction</li> <li>• ICT and media</li> </ul>	Ministry of Labour and Social Welfare (MLSW)	MED; Ministry for Minority Rights; NEA; Social partners; Relevant NGOs.	<ul style="list-style-type: none"> <li>• Number of children in education broken by segment</li> <li>• Number of children completing education broken down by segment</li> <li>• Number of employed persons with disabilities</li> </ul>		

### Roadmap Priority 4: Improving the System

Objectives	Measures	Actors		What should be achieved by 2020		
		Main responsible, coordinating	Together with	Indicator	Baseline 2012	Target
<b>P4-O1:</b> Engaged youth in policy development and implementation.	Support youth engagement in the development and implement of policies relevant to youth by creating Youth Councils at national and regional level, supported by appropriate youth related legislation.	Ministry of Education – The Youth Office	Relevant NGOs.	<ul style="list-style-type: none"> <li>Number of youth involved in the councils</li> <li>Number of youth consultations on youth related issues</li> </ul>		
<b>P4-O2:</b> Established normative and institutional frameworks for HRM and the use of EU funds and donor funds in the implementation of key priorities and objectives.	Establish and accredit the IPA operative structures. Establish a transparent evaluation and monitoring system for the HR sectoral roadmap with regular updates to the “Vision for Skills 2020” roadmap, coordination meetings and progress reports referring to results and implementation targets.	Ministry of Foreign Affairs and European Integration, NIPAC office	Ministry of Finance; Sectoral Ministries; The NAO (National Accreditation Officer).	<ul style="list-style-type: none"> <li>Accreditation of the Operational Structures for decentralized IPA implementation</li> <li>Date of the latest update roadmap</li> <li>Date of the latest progress report referring to result and implementation targets</li> </ul>		



## Selected Benchmark Data for Montenegro

**Table 4: Montenegro and EU Benchmarks - Labour Market (2011)**

	EU 27	EU 2020 objectives	ME
Employment rate (20-64)	68.2	75%	54.4 (25-64)
Employment rate (15-64)	64.3		45.9
Female employment rate (15-64)	58.5		40.7
Employment rate of older workers (55-64)	47.4		35.6
Employment in agriculture (% of total) (1)	4.6		5.5
Unemployment rate (15+)	9.6		19.7
Female unemployment rate (15+)	9.6		20.0
Youth unemployment rate (15-24)	21.3		37.1
Unemployment rate of the elder workforce (55-64)	6.8		12.1
Total long-term unemployment rate %(2)	4.1		15.7

**Sources:** (EU27) Eurostat, 2013; (ME) MONSTAT, 2012a.

**Notes:** (1) Agriculture, forestry and fishing; (2) Long-term unemployed (12 months or more) as a percentage of the total active population.

**Table 5: Montenegro and the EU benchmarks – Education (2011)**

	EU 27	EU 2020 objectives	ME
Early school leavers % of 18-24 with at most lower secondary education and not in further education or training.	13.5	10%	15.5 (m) 9.2 (f)
Tertiary educational attainment % of 30-34 who have successfully completed university or university-like education.	34.6	40%	m.d.
Lifelong learning* % of 25-64 participating in education and training.	8.9	15%	0.1
Four-year-olds in education - Participation rate (%)*.	92.4 (2010)	at least 95%	35.2
% of pupils with low performance in the reading scale (Level 1 or below)*.	20.0	less than 15%	49.5
% of pupils with low performance in the mathematics scale (Level 1 or below)*.	22.7	less than 15%	58.4
% of pupils with low performance in the science scale (Level 1 or below)*.	18.1	less than 15%	53.6

**Sources:** (EU27) Eurostat, 2013; (PISA 2009) OECD, 2010a; ME: (ESL) UNDP, 2009a; (LL) MONSTAT (data received); (Participation rate) UIS, 2013.

**Notes:** m.d. refers to missing data; \* the indicators refer to the European Strategy and Co-operation in Education and Training. (m) refers to males; (f) refers to females; PISA performances for the EU average refers to the 25 EU countries participating to PISA 2009 and it is calculated as a weighted average, where the weight is the 15 years old population.



# PART II – REVIEW OF INSTITUTIONAL ARRANGEMENTS: THE CAPACITY DEVELOPMENT PLAN TO ACHIEVE THE VISION FOR SKILLS 2020

## 1. The RIA approach and process

HRD has an important contribution to make to employment and inclusive, sustainable growth efforts, addressing skills depletion due to high employment levels. This will be responding to emerging skills shortages or gaps in dynamic sectors, regions and enterprises. Better skills with more relevance to the current and future requirements are a prerequisite for employability. Some of the key challenges are to ensure a more coherent and evidence-based policy approach, to better match the education and training system with the needs of the country-specific economies and the labour markets, and to strengthen institutional capacities and inter-institutional co-operation.

The Review of Institutional Arrangements (RIA) aims at identifying bottlenecks and challenges at system level for HRD policy making and delivery, so as to determine capacity building priorities.

These priorities could possibly be funded by the future IPA II programme in contribution to the achievement of the Montenegro 2020 Skills vision:

*Montenegro is a learning society, with a competitive economy ready for global regional and internal challenges; a society where people have the knowledge skills and competences for personal and career development, higher employability, social development and social inclusion.*

The gaps are between “what is” and “what needs” to be in place in order to achieve the Montenegro 2020 Skills vision. The present report is a result of the country specific activities carried out in Montenegro in relation to the RIA. The RIA carries out a review of institutional arrangements in the HRD sector in relation to the capacity to achieve the Montenegro Skills Vision 2020. The key assessment question is:

*“What are the capacity needs of institutions to achieve the Skills Vision 2020?”.*

Institutions play an important role in policy processes. The ability of governments to establish and maintain institutions that effectively support new directions in education and the labour market as an integrated part of national economic development and at the same time ensure implementation is a major challenge for the enlargement countries.

The implementation of the sector approach within IPA II will require coherent strategies and the involvement of stronger institutions, equipped with sufficient planning, delivering and monitoring capacities. This entails a new approach to planning, commonly-shared, involving civil society in policy dialogue concerning the strategic direction of the education system, transparent financial management procedures that enable stakeholders to follow educational expenditures, mutual accountability within the sector and government led coordination of funding agencies. Also civil society is more and more included in the implementation of different policies and actions. Correct identification of capacity development needs in the beneficiary countries will facilitate reaping the full-anticipated benefits of the sector approach. This represents a pressing priority and a pre-requisite for the implementation of the next IPA instrument for the period 2014-2020.

The review focus is the institutional capability to manage the policy cycle – more specifically the effectiveness and efficiency of institutional arrangements to deliver and contribute to sound policies in the area of HRD. This includes review of capacities for planning, implementation and monitoring - and the capability to use Foresight as a forward looking policymaking approach. The review also includes focus on budget planning and execution capacities, linked to the capacity of institutions to work within a Mid-Term Expenditure Framework (MTEF).

The purpose of the review is to identify:

- Strengths and weaknesses of policy planning and policy delivery in the HRD sector
- Drivers and constraints for implementing the Skills vision
- Provide input for future capacity development responses

The RIA places its focus on:

- Governance structure of institutions in charge of HRD, in relation to policymaking and policy implementation
- Administrative infrastructure and resources to ensure smooth policy implementation of skills vision and related roadmaps/milestones
- Budgetary practices and financial management capacity to put into practice a Mid-Term Expenditure Framework and programme budgeting.

The review is structured around the four main functional capacities corresponding to the policy cycle phases: 1) Policy design; 2) Planning and budgeting; 3) Implementation; and 4) Monitoring and evaluation (including reporting and learning).

The RIA in Montenegro has been carried out under the management of ETF Country Manager Margareta Nikolovska and with assistance from external experts: Voijn Golubovic, Jadranka Kaludjerovic, Nazy Sedaghat and Susanne Møller Nielsen. Ms Ivana Sucur, Head of EU Programming and Mr Vadimir Radovanic, Advisor to the Minister from the Ministry of Labour and Social Welfare, have coordinated the activities in Montenegro.

The review is structured around the four main functional capacities corresponding to the policy cycle phases: 1) Policy design 2) Planning and budgeting, 3) Implementation and 4) Monitoring and evaluation (including reporting and learning).

The timing of the RIA is summarised in the table below.

<b>Table 6: Timing of RIA</b>	
<b>Activity</b>	<b>Time</b>
RIA preparation mission in Montenegro	September 2013
Implementation of qualitative interviews	October – December 2013
Drafting of report on RIA results and findings	January 2014
RIA Workshop in Montenegro	6th February 2014
Finalisation of RIA report	April 2014

## 2. Overview of the HRD sector in the country: key actors involved

Different stakeholders have important roles and responsibilities in the governance of the HRD sector at different levels. In the area of HRD, the 2007-2013 IPA assistance focused on issues of labour market reform, education and vocational training, social inclusion and health under the HRD Operational Programme (HRD OP 2011 – 2013). The Ministry of Labour and Social Welfare is the body responsible for the Operating Structure for the HRD OP and the body responsible for the priority/measure (BRPM) in the field of labour market, employment and social inclusion. The Ministry of Education is the BRPM in the field of education and the Ministry of Science is the BRPM in the field of research and innovations. The Ministry of Foreign Affairs and European Integration is in charge of the development of strategic documents and the Central Financing and Contracting Unit (CFCU) is the body responsible for the implementation of projects. The implementation of actions and measures are the responsibility of selected bodies including the Employment Office, the Centre for Vocational Education and the Education Office. As part of the preparation phase of the RIA, a detailed mapping exercise was carried out with a view to identify the key institutions constituting the HRD governance structure in Montenegro (see annex).

Montenegro is in an early stage of sector coordination, planning and management. The donor coordination, mid term budget planning and tools for sector monitoring are not yet in place. According to the opinion of the EU Commission, in the CSP the sector budget support readiness may be envisaged for the second part of the IPA programming period, following the sector based approach and the development of additional institutional elements, such as public financial management system and a performance assessment framework. In general there is a very limited formal or structured overall donor coordination at sector or sub-sector level managed by the national authorities. Overall, donor coordination is organised in an informal way principally by the Ministry of Foreign Affairs and European Integration, or directly among donors. The EU Delegation (EDU) manages the implementation of the current IPA programme. Montenegro has applied for the conferral of management of IPA programmes and the preparation of the necessary structures and administrative capacity is undergoing.

The EU Commission is preparing the 3rd draft of the Country Strategy Paper (CSP) with priorities for EU financial assistance for 2014 – 2020. For each of the identified sectors – including the HRD sector - Sector Support Programmes (SSPs) and projects will be drafted in relation to these priorities in the course of 2014. For the priorities in the HRD sector, the CSP refers to the “Montenegro Vision for Skills 2020 Document” which has been developed under FRAME Component 1 to assist in the development of a coherent policy approach for HRD in line with the EU 2020 strategy.

The Skills document is the result of highly committed and professional contributions of representatives of key policy makers, implementers and stakeholders in Montenegro in a range of workshops and consultations.

The desk research carried out under the Foresight Component in Montenegro revealed at least 11 ministries involved in the drafting and implementation of 14 major strategy documents. A summary of the strategies is attached in annex 2. The aim has been to link all policy initiatives related to education and training in a lifelong learning perspective, with employment and social inclusion in a single unified framework with an overarching vision for skills.

## 3. Review of Institutional Arrangements: Key findings

The RIA exercise in Montenegro included the following main steps:

1. On-going analysis and update analysis of previous ICA and MTEF reviews so as to build on and include in the analysis of existing knowledge.
2. Identification of target group of RIA through the use of a mapping matrix combining the four priorities in the Montenegro Skills Vision 2020 and the four main groups in relation to HRD policy making and policy implementation.
3. Implementation of structured direct qualitative interviews – with a total of 25 interviews. Four different questionnaires – one for each of the target group of HRD stakeholders (1. Institutions in charge of policy-making, 2. Institutions engaged in policy delivery, 3. Stakeholder institutions involved in policy making, 4. Financial institutions leading MTEF or other budgeting exercises) have been drafted and adjusted to the Montenegro context.
4. Interviews report drafting after each interview and sent weekly to the RIA team members.
5. Mid term skype consultations between RIA team members on results, findings and difficulties encountered during the interviews.
6. Drafting of short summary of findings and conclusions of RIA.
7. Implementation of RIA workshop where findings and conclusions are presented on which basis participants will prioritise necessary short term and mid term capacity development actions.
8. Drafting of Montenegro RIA report.

Throughout the implementation of the above-mentioned steps, the RIA team has ensured on-going information and update of the RIA process to the Ministry of Labour and Social Affairs.

### 3.1 Brief description of the review focus and indicators.

The focus of the RIA is the functional capacities for the HRD policy cycle. Five institutional abilities for the HRD policy cycle have been identified and constitute the frame of the analysis: 1) Stakeholder engagement and coordination, 2) Policy design including analysis, 3) Financial planning and budgeting, 4) Policy delivery and, 5) Monitoring and evaluation, including reporting and learning. Based on this review frame the corresponding questionnaires have been elaborated and used in the qualitative interviews.

**Table 7: Capacities – review focus and indicators**

<b>1. Inter-ministerial coordination and stakeholder engagement</b>	
<b>Review focus</b>	Ability to engage stakeholders in the policy cycle and to ensure inter-ministerial coordination.
<b>Indicators</b>	Existence of dialogue mechanisms for stakeholder involvement (formal – informal), Existence of inter-ministerial coordination mechanisms (formal – informal, including networks), Quality (transparent, participatory, engaged and respectful) dialogue between authorities and stakeholders throughout the policy making cycle, Frequency of dialogue between authorities and stakeholders throughout the policy making cycle.
<b>2. Policy design</b>	
<b>Review focus</b>	Ability to manage and interpret comprehensive situation analyses of country's HRD assists, Capacity to design coherent HRD policies and reform strategies as a response to skills needs,

	Capacity to use foresight in the policy making process.
<b>Indicators</b>	Existence of tools for skills anticipation at national, regional and sector level, Use of data on skills supply and demand in HRD policy planning, Existence of long term strategic policy options for the HRD sector, Existence of coordinated business, employment and education strategies including budgeted action plans, Use of foresight methods in relation to vision building and policy design.
<b>3. Planning and budgeting</b>	
<b>Review focus</b>	Ability to develop planning and budgeting frameworks and tools supporting the defined policies
<b>Indicators</b>	Existence of legislative framework for result-oriented budgeting and whether they are complied with,
<b>4. Implementation</b>	
<b>Review focus</b>	Ability to manage and implement appropriate policy responses to skills needs, Ability to develop and deliver training to labour market needs.
<b>Indicators</b>	Existence of action plans relating to strategies, Existence of execution arrangements, Responsiveness of the education and training system to skills needs, captured by periodic data and surveys.
<b>5. Monitoring and evaluation (including reporting and learning)</b>	
<b>Review focus</b>	Ability to monitor and evaluate, Ability to report, Ability to learn and impact policy initiatives.
<b>Indicators</b>	Existence of feedback mechanisms on lessons learned for use of new HRD policy design, Mechanisms for evaluation and monitoring of policy effects and results used systematically, Existence of monitoring guidelines and procedures and used systematically, Existence of public communication tools.

In view of the significance of budget planning and finance in HRD, an integrated review is conducted with the relevant institutions in the context of MTEF. The review of the MTEF capacities is addressed from three distinct but interrelated angles.

**Table 8: Capacities – MTEF**

<b>Review principles</b>	<b>Sub principles</b>
1. Formulation	Participation of stakeholders in the process of defining sector policy objectives and budgets, Existence of Macroeconomic /Fiscal Framework, sector policy framework and programmes, Cost of the sector budget within the ceiling determined by the budget circular and identifying the resource gaps.
2. Execution	Applying the planned expenditure budget and structure.
3. Monitoring, reviewing and reporting	Keeping regular records of progress and performance for improved management of budget implementation, Providing feedback for policy formulation and management of the budget implementation.

### 3.2 Target group categories

Different stakeholders have important roles and responsibilities in the governance of the HRD sector at different levels. The main policy making challenges are to empower the different institutions, agencies and centres in the HRD sector and to promote a wider and better

involvement of the social partners. Another major challenge is to improve the policy accountability and the improvement of policy delivery, which could also include financial autonomy of the providers in the HRD sector. Education and training providers are becoming the frontline actors in observing the developments in the labour market and placement of students, observing the development of learning and teaching requirements, methods and tools.

The national stakeholders mobilised for the Foresight Workshops were also approached in relation to the RIA exercise. However, in relation to Component 2, additional institutions were targeted, including selected pilot institutions representing the education and training providers.

The identification of the relevant interviewees (organisation/departments/units/persons) to be involved in the qualitative interviews was carried out through two dimensions:

1. Institutions to be responsible for and/or involved in the implementation of the identified priority areas/objectives/measures in the “Montenegro Vision for Skills 2020 Document”.
2. Institutions involved in the 4 different phases of the policy making cycle.

The qualitative interviews have been implemented by the use of tailored questionnaires for the 4 target groups. The questionnaires contained both open and quantitative questions with scorings. The results of the answers to the scoring are summarised with the average scorings for each target group in Annex 4.

For each of the review focus, the main findings, the capacity development actions proposed by respondents and recommendations provided by the ETF team will be presented.

### 3.3 Key findings on capacities in HRD for single review focus

#### 3.3.1 Interministerial coordination and stakeholder engagement

##### a. Review focus

The RIA has focussed on the review of the systemic and institutional capacities for the existence and quality of inter-ministerial coordination in relation to HRD policy making and strategy development as well as the possibilities for engagement of stakeholders and in the HRD policy cycle. Four indicators have been used as proxy indicators for the identification of the functioning of the inter-ministerial coordination and stakeholder involvement in the HRD policy cycle:

- Existence of dialogue mechanisms for stakeholder involvement (formal – informal)
- Existence of inter-ministerial coordination mechanisms (formal – informal, including networks)
- Quality (transparent, participatory, engaged and respective) dialogue between authorities and stakeholders throughout the policy making cycle
- Frequency of dialogue between authorities and stakeholders throughout the policy making cycle

##### b. Main findings

###### ■ Inter-ministerial coordination

The preparation for the HRD Operational Programme has been a driving force for coordination and stakeholders' involvement. An inter-ministerial working group was formed and headed by MoLSW. Meetings are held regularly or based on an assessment of the needs for meeting. The Ministry of Labour and Social Welfare and the appointed representatives actively participate in meetings and have regular cooperation with other bodies in the Operating Structure. The capacity



of national authorities in the HRD sector has been strengthened through the preparation process of the HRD Operational Programme 2012 – 2013.

The Government of Montenegro has adopted a proposal for ministerial working groups for the preparation of IPA II. According to the by-law on the Decentralised Implementation System (DIS) for IPA, the Ministry of Labour and Social Welfare is denominated as the coordinating body between the relevant line ministries. The most recent example of successful inter-ministerial coordination is the drafting of the “Montenegro Vision for Skills 2020 Document” which was coordinated by the Ministry of Labour and Social Welfare.

In other policy areas in the HRD sector, there seem to be more limited intersectoral cooperation and less utilisation of existing resources for the improvement of information on specific policy areas. The main challenges will be adequate communication between the actors in the HRD sector. Also, with the inclusion of a number of institutions, there is a challenge in the coordination of activities and strategies in terms of achieving the overall long term goals of national strategies. In a situation where every institution is responsible for its own field of work, there is a risk of fragmentation of reform activity and the lack of coherence in the implementation of overall policy objectives.

On the other hand, there is a strong information communication between the ministries as the staff members benefit from the small size of the country and small size of the public administration where “everybody knows each other”. However, limited administrative capacities are one of the key challenges that Montenegro faces, and this fact can be partly attributed to the financial conditions of civil servants, but also partly to the allocation of responsibilities and tasks by superiors. There is a lack of staff on certain positions, some positions are not filled, and it makes additional pressure on those who are currently employed.

#### ■ Stakeholders' engagement

Civil society organisations are important partners of the Government in developing policies related to different areas of HRD. These social partners are involved in policy planning (for instance in education), but to a significantly lesser extent in decision-making and financing of HRD. Structured social dialogue with social partners and consultation with civil society organisations (CSOs) on specific policy issues in the HRD sector has been successfully launched.

In order to improve democratisation, as well as distribution of work in Montenegro, the reform of the education system was made through decentralization of institutions, where each institution is being responsible for their own area of work. Thus, during policy making at the Ministry of Education, a large number of civil society organisations are involved: Chamber of Commerce, Union of Employers of Montenegro and the Union of Independent Trade Unions. For example VET-schools are regularly informed by the Ministry of Education or the VET Centre about all issues which are relevant for the schools. In addition, schools are involved in the process of designing and drafting programmes, policies, strategies by providing recommendations, opinions and suggestions. Representatives of schools participate as members of working groups for designing certain policies. Some of the drafting that schools have been involved in include cost estimation of the Strategy of Vocational Education, the National Qualification Framework, and the Strategy of Inclusive Education.

The involvement of social partners has mainly been in the education planning phase and through participation in advisory and expert structures (e.g. sector specific working groups, working groups for occupational standard development), but to a much lesser extent in the decision-making process and financing of vocational education and labour market.

The Montenegrin Cabinet adopted in December 2013 the strategy for NGOs development in Montenegro, with the Action Plan for its implementation for the period 2014 – 2016. The strategy is aimed at further boosting legal, institutional and financial conditions for the civil sector development and strengthening of partnerships with the state and local authorities. The action plan is based on the results achieved so far in the development of non-governmental organisations, taking into account socio-economic conditions in Montenegro.

### **c. Main capacity development recommendations emerging from interviewees**

- Improve conditions for introduction of HRD sector approach through enhancement of inter-ministerial coordination and stakeholder engagement.
- Further strengthen the capacity of responsible ministries to coordinate development strategies.
  - ✓ Further strengthen administrative capacity, notably in areas related to inter-ministerial coordination and communication in relation to policy/strategy development in the HRD sector.
  - ✓ Strengthen HRMA's capacity to coordinate training activities throughout the administration. Each staff should be assessed and provided with training for improvement of his/her skills and contribute to higher efficiency.
  - ✓ Provide additional financial allocations and skilled human resources for the implementation of different activities and provision of different public services.
  - ✓ Establish regular dialogue regarding the policy and its coherent development and implementation on the horizontal (inter-ministerial) level.
  - ✓ Encourage a participatory approach, which promotes cooperation amongst departments and the public administration, education and economy.
  - ✓ Implement capacity development training for programming and implementation of IPA II funds of relevant staff.
- Further improve conditions for stakeholders' involvement in relation to HRD policy cycle and IPA programming.
  - ✓ Promote and raise awareness through training among CSOs and social partners on the importance of their participation in the policy cycle.
  - ✓ Empower social partners through real involvement in policy work by provision of capacity development and training of elected leaders and staff in employers organisation and trade unions. This will in particular include the ability to effectively assess their own needs, to articulate the needs of their members and capacities and to engage in the formulation, monitoring and evaluation of education and employment and HRD policies.
  - ✓ Involve the responsible actors of specific IPA measures more directly in the drafting of actions to allow them to propose policy solutions, financial sources ensuring their ownership and responsibility for the actions.

### **3.3.2 Policy design**

## **a. Review focus**

Capacity in HRD policy design relates in particular to the abilities to manage and interpret comprehensive situation analyses of HRD in the country, the capacities to design coherent HRD policies and reform strategies as a response to skills needs as well as the capacities to use foresight in the policy making process.

With a view to analyse the capacity gaps in relation to policy design, the RIA has focussed on identification of the existence of tools for skills anticipation at national, regional and sector level, the use of data on skills supply and demand in HRD policy planning, the existence of long term strategic policy options for the HRD sector, the existence of coordinated business, employment and education strategies including budgeted action plans and finally the use of foresight methods in relation to vision building and policy design.

## **b. Main findings**

Montenegro has made recent advances in strategic planning across the government. The introduction of the first National Development Plan in 2013 (adopted as “Development Trends for Montenegro for 2013 – 2016”) with clear priorities is based on 50 sectoral strategies and contributed to the process of better alignment of strategies. The Ministry of Finance is leading the NDP coordination and developing a monitoring and evaluation framework that in the future will align with the move towards multi-annual budgeting.

The Ministry of Education is currently in the process of developing programmes for better matching of future required skills. However, the planning capacity is limited due to the external factors such as lack of analysis of employers’ needs in the long term, or an instable and unpredictable economic situation.

The following advisory bodies have been established to improve the efficiency and quality in the policy making cycle: (i) Council for General Education, (ii) Council for Vocational Education, (iii) Council for Adult Education, (iv) Council for Higher Education and (v) Council for Scientific and Research Activities.

However, there is a lack of research, especially in adult education, for instance related to: the education needs, the education offer, the level of functional literacy, the level of development of key competencies, the compliance between education opportunities and labour market needs, etc. In the past, the Career Centre conducted different surveys and provided policy proposals for HRD, which was considered to be a very efficient tool for skill anticipation at all levels.

The Ministry of Labour and Social Welfare uses data from different sources (e.g. EAM, Centres for Social Work, Labour Inspection) and different research and analyses. EAM prepares annual reports on work for the ministry and government (including different information on employment, ALMMs, structure of unemployed, projects, and their results, etc.) and a plan of work for next year in which it proposes all needed activities. The plan is aligned with the Strategy for Employment and HRD. EAM provides recommendations for projects and activities. The received information is considered by the Ministry to be statistically correct. In the process of preparing policies, methods of forecasting are used, however there is need for further improvement and detailing (sector, region) of the labour market forecasting. It is a general problem that employers cannot provide inputs for long term required skills and needs. Most policy design activities are based on the estimation of current trends, not foresight activities, i.e. perception of future trends.

Policies and reforms are agreed on at a central level with the expectation that implementors (schools, training providers, local employment offices, etc.) transform policy intentions and goals into real

outcomes. Operational priorities can be slow to change since existing practices and policies are frequently preferred over innovations. This vertical coherence between policy intentions and subsequent actions can also be negatively affected by similar horizontal contradictions because related practices do not change in a corresponding way. For example: new curricula are not accompanied by teacher training, and competence-based assessment is adopted without the necessary training of assessors.

There is a weak link between policy objectives and a realistic budget which is related to inadequate planning (discrepancy between activities and spending on the one side and expected results on the other side). The limited coordination of activities among government agencies, state government and the Ministry of Finance, during the preparation of strategies, often results in the adoption of strategies which cannot be implemented due to lack of budgeted funds.

### **c. Main capacity development recommendations emerging from interviewees**

- Enhance long term planning capacities and evidence based policy making in the HRD sector.
- Improve mechanisms for skills anticipation as basis for HRD policy making.
  - ✓ Engage experts in labour market institutions to continuously conduct comprehensive analysis of labour market trends, project the future movements, and prepare action plans and strategies more in accordance with such analysis.
  - ✓ Establish reliable systems for sectoral and regional skills needs analyses to match VET policy and labour market.
  - ✓ Re-establish the Career Centre and provide financial sources for its functional operating that would contribute to better anticipation of LM needs and skills.
- Strengthen cross disciplinary approach in the HRD policy making and in particular in relation to skills development.
  - ✓ Develop coherent and synergetic policies to boost demand oriented, high quality and accessible training and retraining.
  - ✓ Enhance and enforce regular cooperation between all actors involved in HRD policy making at both horizontal (inter-institutional) and vertical (national, regional and local) levels through implementation of foresight workshops and foresight working groups.
  - ✓ Improve information connection between institutions in terms of exchanging data and documents: Development of shared inter-ministerial database for strategies, action plans, achieved level of implementation of different activities, in order to make easier access to documents and information. Incorporated database of data and indicators on labour market, education and economy, as well as database of realised projects.
- Improve use of policy learning processes in relation to HRD policy making.
  - ✓ Institutionalise communities of practices where policy makers and practitioners from a certain policy area come together to exchange experiences and ideas and develop common policy solutions.
  - ✓ Improve cooperation between employers and policy makers (Ministry of Labour and Social Welfare, Employment Agency and Ministry of Education) in order to gain a

better picture of labour market needs (demand side) and based on that create education programmes.

- ✓ Enhance further institutionalised cooperation among EAM, private employment agencies, schools, training institutions and social partners. The basic goal has to be ensuring that students are not locked into occupations that may become unwanted by the labour market.
- ✓ Strengthen social partner involvement in the design and implementation of VET policies and programmes.
- ✓ Use of EU best practices – e.g. through involvement in EU's Open Method of Coordination - based on solid research, evaluation and the collection of other evidence, particularly using the results of peer learning and the exchange of good practice, and the development of indicators and benchmarks.

### 3.3.3 Financial planning and budgeting

#### a. Review focus

The RIA exercise has focussed on planning and budgeting frameworks and tools supporting the designed HRD policies and in particular the existence of a legislative framework for results-oriented budgeting and whether they are complied with and the ability to develop planning and budgeting frameworks and tools supporting the defined policies.

#### b. Main findings

The Government of Montenegro has a successful track record of implementing PFM reforms including the introduction of a medium-term macro-fiscal framework and capital budgeting and the introduction of programme budgeting. The Government now prepares each year a Pre-Accession Economic Programme (PEP), which it submits to the European Commission. The current plan looked for the continuation of fiscal consolidation while achieving greater efficiency in government operations. The production of a National Development plan 2013 – 2016 which has been adopted as “Development Trends for Montenegro for 2013 – 2016” provides a framework within which sector strategies can be prepared consistently with the aggregate medium-term fiscal framework the Government already produces.

The ministerial departments that are involved in IPA use the rule “N+3” in financial planning and budgeting.

The Ministry of Finance is leading the budget planning process and issues a comprehensive budget circular in May each year, which incorporates expenditure ceilings within which spending units are asked to work. However, these ceilings do not reflect prior collective considerations by line ministries and have been regarded as the starting points for negotiations with the Ministry of Finance. Budget units are considered to have sufficient time for preparing their estimates, but preliminary ceilings to recurrent and capital expenditure are not observed. Though units prepare their budgets by programme, these do not include data about planned and achieved outputs and outcomes. The Budget Department plans to develop this aspect further, with foreign technical assistance.

Fiscal projections are made only in aggregate terms on economic classification, so the fiscal framework does not serve sectoral planning. Some sectoral strategies have been prepared but they are not made with reference to the projected availability of funds and do not systematically include associated operating and maintenance costs of existing and new projects. However, there are

stronger capacities in the planning of future costs and benefits of individual investment projects. However, calendars are still not fully compliant and a full harmonisation implies the amendment of legislation. Medium-term expenditure framework should be regularly updated and strengthened.

A significant weakness of the Montenegrin budgeting procedure is that it focuses primarily on the next calendar year and there is no multi-annual budget planning. Also, sectoral policy plans do not give enough attention to medium-term costs. Parliamentary committees examine the macroeconomic background, general fiscal policy and the detailed estimates of revenues and expenditure, but not the medium term fiscal framework and sectoral prioritisation. The time for this scrutiny is one month and has only a marginal impact on the budget. A proposed new Law on Budget and Fiscal Responsibility is expected to extend the time available for Parliamentary scrutiny. Forward estimates for the two years subsequent to the budget are provided as part of budget submissions. However, these are not yet derived from sector development strategies directed towards clear policy objectives and endorsed by the government as a whole. Sector strategies incorporating clear objectives have been prepared for some sub-sectors in the HRD sector such as education, but these do not have the authority of the governments collectively. Moreover these strategies may give only a partial picture of the sector and the costing may be incomplete.

A considerable effort has been undertaken since 2010 to strengthen Financial Managements and Control (FCM) throughout the Government, supported through the IPA programme. A new Public Internal Financial Control Law was enacted in 2008 and further improved in 2011, and a new FMC Rulebook was issued in 2011, which has been used as basis for extensive training throughout the government since 2012. However, a clear problem is the small number of staff working in line ministries formulating policies and that has the knowledge and experience of the budgetary implications of these policies. The Ministry of Finance is benefitting from technical assistance for setting up decentralised IPA structures and for developing public internal financial control in the public sector. The funds channeled through the IPA programmes are not part of the budget (only the national co-financing is), but they will be once these programmes are implemented under the decentralised arrangements. There is concern that the IPA funds foreseen for public administration reform are too small, thus leaving almost no funds to support the reforms in the area of public expenditure management.

The introduction of public internal financial control (PIFC), in line with EU requirements has recently been launched in the area of public finance. PIFC in public administration and their practical application has become one of the most important conditions for the integration of candidate countries into the EU. While the legal framework for PIFC is in place, there is a weak capacity to assess the legal responsibilities. Montenegro has adopted a strategy for further development of PIFC for 2012 – 2017 but without explicit plans on how managerial accountability arrangements will be strengthened.

The budget is executed in a timely manner and in accordance with proposed budget items in the HRD sector and according to the Law on Budget. Resources are delivered in accordance with proposed activities and spending and approved funds are almost always used in total. The excessive spending, shifting resources between the items of the budget, budget changes or exemptions are not regular features of the budget for human resources.

### **c. Main capacity development recommendations emerging from interviewees**

- Improve the impact of HRD policies through HRD sector approach, including establishment of an MTEF.
- Improve capacity development at system level: improve the link of strategic budgeting with the budget preparation process.

- ✓ Improve the process of budget preparation and planning, in a way that will allow defining the priority of Government and identification of potential fiscal risks.
- ✓ Ensure changes to the Budget Law in order to set a more formal framework for medium-term budget planning that would promote a firm and determined use of budget ceilings, focusing on the following budget year. The introduction and expansion of MTEF can become an effective instrument of policy indicating the weak links between policy objectives and a realistic budget (a capacity review would be necessary for MTEF itself). The new Budget Law should provide stronger underpinning for efforts to make a reality of medium-term planning of the main public services.
- ✓ Ensure mechanisms for stakeholders' involvement in each phase of budget planning (not just when all budget items are determined).
- Improve capacity development at institutional level: ensure efficient allocation of resources (within ceilings) to strategic priorities between sub-sectors and within the HRD sector.
  - ✓ Improve capacities for long term budget planning, as well as improve better alignment between expected results, spending and overall effects of proposed activities in budget: The Ministry of Finance and Budget Departments in Line Ministries should strengthen its capacity to prepare sectoral expenditure estimates in order to propose and negotiate budget ceilings to be strengthened in the planned medium-term budgeting framework.
  - ✓ Use the opportunity created by the revised Government organisation (following the Decree on Government Administration and Operations) to consolidate the medium-term and annual budget planning into a lesser number of spending units while ensuring that the accountability structures and the managerial responsibilities that flow from these structures are strengthened and based on appropriate principles of segregation of duties.
- Adopt a Strategic Development Plan for the State Audit Institution, which constitutes an important contribution to strengthening public accountability in Montenegro. It is necessary to intensify work on improving the legislative framework and strengthening the professional capacity and to implement measures in the form of promotion of this institution with the aim of recognising the importance of its role in the wider public.

### 3.3.4 Implementation

#### a. Review focus

The RIA analysis has focussed on the institutional arrangements and abilities to manage and implement appropriate policy responses to skills needs and the ability to develop and deliver training to labour market needs. With a view to identify the gap in relation to the above capacities, the RIA focussed on the extent to which there are in existence action plans relating to strategies, existence of execution arrangements and the responsiveness of the education and training system to skills needs, captured by periodic data and surveys.

#### b. Main findings

The VET system does not adequately serve the changing needs of the labour market, despite the reforms conducted so far. Almost 75% of pupils from technical schools in secondary education enrol

in university courses instead of entering the labour market and employers report shortages of finding graduates with the right skills in sectors such as tourism. Decentralised governance has enabled schools to have greater influence on curricula, finance and administration. However, school leadership, teaching and learning processes need to be modernised. A key factor is teacher competences. In order to better match supply and demand for skills, there is a need for a realistic assessment of the labor market and detailed analysis in order to predict its movement in a defined time period, which would be sufficient to implement the changes in the education system.

The National Qualification Council has set up 10 sectoral commissions made up of members of the private sector and government officials to help establish a better connection between education providers and employers, i.e. the labour market. There is lack of a developed training market in which both public and private sector providers respond to increasing demands from enterprises for training and advisory services to facilitate their growth and competitiveness. There is need for concerted policy dialogue between enterprise representatives and those responsible for training, employment and economic policies in order to determine options for providing access to affordable training to staff of existing enterprises.

Montenegro is seeking to achieve the set of goals and objectives agreed upon by the EU as part of the broader Europe 2020 strategy. The EU enlargement process is the driving force but also puts a high pressure on the demand for change and reforms in the labour market and the education and training system. As a small country, Montenegro faces an administrative challenge in following, implementing and participating in EU's comprehensive policy framework and the administrative regulations for the IPA funds. While alignment with the *acquis* has been achieved to a substantial degree, implementation will pose a particular challenge to the administration of a small country.

The number and diversity of the strategic documents applicable in the HRD sector, together with the challenge of coordination between all the relevant stakeholders is considered to make it difficult in practice to address the priorities in the sector in a coherent and integrated fashion. The setting up of the independent executive agencies Bureau for Education Service, Centre for Vocational Education and Examination Centre, has made the decentralised governance of education possible.

With the inclusion of a number of institutions, there is a problem in the coordination of activities and strategies in terms of achieving ultimate goals. In a situation where every institution is responsible for its own field of work, there is a risk of fragmentation of reform activity and lack of coherence in the implementation of overall policy objectives. The "Montenegro Vision for Skills 2020" document marks the first attempt to develop a coherent policy approach for HRD in line with the EU 2020 strategy.

In general, it is perceived by the respondents that the main mechanisms for ensuring efficient implementation of policy are action plans which are in line with strategies. There are annual action plans related to strategies for employment and HRD as well as action plans for all other strategies relevant for HRD. It is the main opinion of the respondents that the plans could be improved if there is a more systematic approach to the labour market. The plans define roles and responsibilities but constant monitoring and control could improve the realization of action plans. To this end, the need for improvement of indicators for monitoring is stressed.

According to the Ministry of Labour and Social Welfare, the main challenge for the implementation of policies is the lack of awareness about the importance of HRD and lifelong learning and lack of financial resources for concrete measures. There is a need for improved horizontal communication (inter-ministerial) between the ministries in order to ensure a strategic use of the sector approach for alignment of strategies and programmes with a view to improving the skills mismatch. In addition to this, there is a need for awareness raising and capacity development among relevant staff in relation



to the sector approach, IPA programming and implementation, including budgeting and donor coordination.

### **c. Main capacity development recommendations emerging from interviewees**

- Improve the skills gap and skills mismatch.
- Improve implementation arrangements.
  - ✓ Develop national authorities' administrative capacity in implementation of evidence-based strategic approaches to policy making in the HRD sector.
  - ✓ Increase personal responsibility for implementation, introduce a system of responsibilities and measure the level of implementation for each employee.
- Support the achievement of the Vision for Skills 2020.
  - ✓ Establish skills anticipation systems at sectoral level and regional level.
  - ✓ Review the enrolment policy for universities and the objectives of the VET schools in order to better match the skills to the labour market needs.
  - ✓ Implement capacity development both of institutions and professionals engaged in NQF development and implementation. Increase the emphasis on implementation of Law on National Qualification Framework and ensure the use of National Qualification Framework (NQF) as a lifelong learning instrument linking general education, higher education and VET which defines learning pathways for individuals and encompassing systems and procedures to recognise skills acquired life wide. Ensure through the strengthening of mechanisms supporting stakeholder involvement that NQF provide a platform for social dialogue.
  - ✓ Promote modern education systems through focus on learning outcomes and the increase of vertical and horizontal access within different education pathways on the basis of acquired knowledge and skills.
  - ✓ Improve the cooperation between training providers, local/sectoral business and local government.
  - ✓ Make learning processes interdisciplinary and promote overarching networked learning: improve the teachers' freedom of choice with regard to what and how to teach.
  - ✓ Continue and improve training and seminars for teachers in order to reflect technical changes and new conditions of education; improve system of financing schools (introduce model of financing per student); engage to a greater extent all employees in schools in the education and preparation of students for the labour market. The teacher training system should develop an understanding of the different traditional knowledge mediation and skills training approaches that actively engage learners in self-guided activities at different learning sites.
  - ✓ Support the management of VET reform in an inclusive social dialogue and effective consultations.

- ✓ Establish a system for apprenticeship and mentoring in companies as part of VET curricula.
  - ✓ Improve the representation of professional practice in the educational programs of vocational schools, quality assurance for engagement of young people who are not employed, training of mentors in companies, promotion of career orientation, etc.
  - ✓ Improve cooperation between VET schools and Employment Agency with regard to organising training for adults, qualification of unemployed for certain occupations, etc.
  - ✓ Optimise the interface within EAM between the service for employers and service for unemployed.
  - ✓ Support labour market reform focus on the effectiveness of the policies related to the integration of long-term unemployed and unemployed young people in the labour market, increase self-employment and stimulate entrepreneurship.
- Enhance capacities for programming and implementation of IPA II in the sector approach perspective.
    - ✓ Establish an IPA II Knowledge Management System for creating an exploratory environment that stimulates a knowledge management practice and which will encourage horizontal and vertical dialogue and collaboration between colleagues engaged in programming, project preparation and project implementation of IPA II.
    - ✓ Design and implement trainings in sector approach and IPA II programming, including the following topics: Sector Approach (SA) in IPA programming for Serbia, General Framework of IPA II and Inter Institutional Arrangements, Programming process of IPA II (Sector support programme and Action Fiches), Budget planning, tendering and procurement Sector monitoring and evaluation, Risk management and Donor coordination.
    - ✓ Organise training activities on IPA programme implementation and project design with a view to ensure absorption capacity and successful implementation of measures under IPA HRD Operational Programme for different target groups (IPA implementation units, final beneficiaries, project promoters/grant scheme holders).
    - ✓ Establish a project pipeline facility for future projects under the HRD Operational Programme and under Sector Support Programme(s) under IPA II including a mechanism for project assessment and project selection in line with priorities and objectives of the “Montenegro Vision for Skills 2020” document.
    - ✓ Establish a central project database and related Monitoring Information System (MIS).

### 3.3.5 Monitoring and evaluation including reporting and learning

#### a. Review focus

The 5<sup>th</sup> review focus of the HRD policy cycle concerns the capacities to monitor and evaluate, to report and to learn and impact policy initiatives (policy making feedback loop).

## **b. Main findings**

The ministries use regular internal reporting and financial monitoring as instruments for connection of planning and budgeting. The ministries report on the progress of implementation of their strategies through two different streams: (i) the Annual Working Plan of the Ministry; (ii) the sub-sectoral strategies.

In the case of the MLSW, for the former, all relevant departments and external organisations contribute and the report is compiled by the Office of the State Secretary. For the latter, reporting is done by the working bodies on the political level (National Council for implementation of the national strategies), as well as on the operational level (working group composed of the Ministry Monitoring and Evaluation Advisors from each Department). No dedicated department for monitoring exists within the Ministry. Policy makers are considered to make use of the information from the departments in relation to the formulation of future policies.

According to the World Bank review from 2013 there is a wide variation in the quality of reporting in the implementation of strategies and action plans across the government. Use of sector level non-financial data is considered rather limited in the reports on achievements under the plans. Overall, only few staff are assigned solely to data collection and analysis within the ministries. Monitoring outside the reporting is usually done on an ad hoc/by request basis.

EAM follows the implementation of each activity and projects according to the annual plan. They prepare detailed reports on the execution of each project and its results for MLSW. There is a centralised database of labour market indicators, where local employment offices upload data about employment. The same approach applies in other areas including education, science and research. Through each action plan the strategic and operational goals are set, as well as activities and expected results. The plans are evaluated through the number of achieved results of the activities (such as number of customer users of business centres, increased number of programmes to support the introduction of quality standards in SMEs, training and number of participants). This shows that only results or outputs or the activities are monitored and reported. However, there is no monitoring of outcomes and impact. This is due to the fact that action plans are related to one-year periods while outcomes and impacts can be observed after a certain period. There is quite limited use of regular evaluation in terms of the effects of action plans – such evaluations are in most cases driven by donor-financed projects.

There seems to be insufficient mechanisms for controlling the quality or performance of those who should work on implementation. There is no system for measuring the performance of employees. There are no administrative guidelines for monitoring and evaluating performance.

Schools have internal and external evaluation. Schools conduct internal evaluation about achieving results every second year and evaluation reports are sent to the Ministry of Education and the VET Centre. The VET Centre organises an external evaluation every fourth year. Evaluation results in a report on achievements of schools which is available for the Ministry of Education, the VET Centre and the Bureau of Education. Each school manages Electronic Daily which are synchronised and connected and the Ministry of Education has access to all data from all schools (success of students, results of work, data about teachers etc.).

In relation to IPA funds, there are good practices in place on the establishment of regular monitoring and evaluation of IPA projects. The EU accession process has thus been a driving force in this regard: ministries have developed and use administrative guidelines for the monitoring and evaluation of measures and projects and, in general, the information provided in the Monitoring and Evaluation reports are used as basis for future programming. Montenegro is pursuing achievement of the goals

and objectives agreed upon by the EU as part of the broader Europe 2020 strategy. To this end, it needs to continue to develop its indicators and benchmarks.

Although the budget is structured by organisation units and programmes (within each spending unit), there are no requirements for output or outcome indicators, nor targets for achievement each year that would enable the assessment of efficiency or effectiveness. Budget submission should include forward estimates for the following two years, but these forward estimates are not published with the budget, or reconciled with the aggregate medium-term projects.

The existing mechanisms for evaluation are PEFA and PER, which are led by the Ministry of Finance at national level. Regarding the management of the budget, the SAP system enables the collection of large amounts of information and reports at the programme level. The reports are prepared as required, because SAP allows display of daily reports on budget execution. Managers of budgeting units use the results of the financial evaluations for future improvements.

In the case of education, the Ministry of Finance can show the budget estimate and actual out-turn for each school. In terms of budget execution, education institutions financed by the budget, being separate legal entities, own and manage their own bank accounts held at commercial banks into which Budget funds are received for approved expenditures as well as income accruing to each institution from its own sources. Own source income and expenditure financed from it are not included in the budget but included in out-turn reports. Thus, both the Ministry of Education and the individual education institutions are fully aware of the expenditures actually financed by the budget. Full reports are prepared quarterly by each education institution and reconciled by the Ministry of Education with the budget execution data.

### **c. Main capacity development recommendations emerging from interviewees**

- Enhance capacities for establishment of monitoring, evaluation and reporting mechanisms for programmes, strategies and action plans.
  - ✓ Initiate development actions in monitoring and evaluation and development of indicators and benchmarks in line with EUROPE 2020.
  - ✓ Strengthen the institutional capacities for policy evaluation, reporting and learning, including clear definitions of monitoring responsibilities with the ministries.
  - ✓ Delegate monitoring and evaluation responsibilities to specific persons and/or establish a separate department for monitoring and evaluation within the ministries.
  - ✓ Create a joint monitoring system on implementation and performance in the HRD sector and sub-sectors, including the establishment of a transparent evaluation and monitoring system for the “Montenegro Vision for Skills 2020” roadmap (including elaboration of progress reports and coordination meetings).
  - ✓ Optimise EAMS’s organisational procedures for service delivery, focussing on core competencies and tasks as a public employment service.
  - ✓ Enhance involvement of social partners in monitoring of HRD at national level (include them in team for sectorial monitoring).
  - ✓ Establish information channels and feedback mechanisms on lessons learned ensuring mainstreaming of successful local innovative solutions.

- ✓ Establish a unique website with all indicators: labour market, education, economy and all documents, results of projects, ALMPs, etc., in order to improve the monitoring and evaluation of HRD policies.
- ✓ Improve tracer systems and monitoring of specific educational programs and revise it in accordance with labour market needs.
- Establish mechanisms for efficient and effective spending – a system for monitoring, management of finances with control based on previously defined indicators, with the end goal to establish a proper MTEF with performance indicators and monitoring system.

### 3.4 Key findings on capacities on MTEF and programme budgeting (MTEF-specific questionnaire)

#### a. Review focus

This section addresses the findings summarised in two of the functions: Planning and Budgeting, Monitoring and Evaluation (related to the planning and budgeting). The main purpose is to review the capacity gaps in the context of a programme/result - based budgeting rather than an input and activity - based budgeting system. Programmed-based budgeting would ideally fast track development objectives within a medium term framework in an economy more than activity-based budgeting. It hence becomes easier to measure outcomes both in qualitative and quantitative terms. Programmed-based budgeting would ideally fast track development objectives within a medium term framework in an economy more than activity-based budgeting. It hence becomes easier to measure outcomes both in qualitative and quantitative terms.

#### b. Main findings

Budget Preparation & Formulation, including: (i) participation of stakeholders in the process of defining sector policy objectives and budgets; (ii) existence of Macroeconomic /Fiscal Framework, Sector policy framework and programmes; (iii) costing of the sector budget within the ceiling determined by the budget circular and identifying the resource gaps.

The above were used to specify relevant key indicators, which were adjusted for each of the 4 target groups in the interview templates. In general, The Law on Budget defines the amount of financial sources, on an annual basis. But the planning framework for financing activities is quite poor and with very short horizon considerations. For instance, some requirements with multiplied effects (through IPA projects), were turned down by the MoF. On the other hand, the perceived and approved funds are not always delivered on time. These impede the planned activities, especially those which need to be carried out over a number of years. There is no clear picture on MTEF and the connection of multi-year estimates with annual budget ceilings.

The budget planning process is naturally led by the Ministry of Finance, who indicates that all consumer units are involved in planning the budget. At the ministerial level, CEOs of Directorates plan resources for the implementation of activities under their jurisdiction and their plans are delivered to the manager of accounting who incorporates all submitted plans to the manager for approval. The budget of the whole Ministry is sent in the form of budget requests to the Ministry of Finance. The current budget planning is similar to the traditional ways of preparing a list, haggling with the MoF and then getting a fraction of what was hoped for, followed by somewhat random reduction of activities to make do with the allocated. This contributes little, if any, to the Macroeconomic and Fiscal

forecasting, Medium term budget frameworks and budget strategies, Design and implementation of programme budgeting and output-oriented approaches. Medium term financial planning is crucial all around, and not just for huge capital projects. Annual budgeting does not provide the necessary environment for planning. The existing practice is mainly based on maintaining the revenue/ expenditure historical ratios.

Separation of funds for specific purposes (e.g. Health Fund) and decentralisation of financing for some service providers (such as schools) could reduce the burden of planning and management, as well as monitoring of the targeted objectives. The Law provides the basis for special Funds. IPA could be used as an example for developing better planned budgets. However, under IPA, the recipient institutions should provide a minimum of 15% for co-financing the total cost of the projects concerned, so the provision of these funds depends again on the state budget. There is need for a centralised database of all projects, which is currently missing.

Budget Execution, including: applying the planned expenditure budget and structure

The above was used to specify relevant key indicators, which were adjusted for each of the 4 target groups in the interview templates.

The MoF indicates that the budget execution is based on the priorities of the policy objectives, the estimated cost, and the good results of the implementing agency, while with the civil society this practice is conveyed to mass media and open parliamentary debate. However, as there are actually no indicators defined for measuring the efficiency and success of policies, the full benefits of this process may be lost. Thus, it puts the budgeting back on the conventional incremental, annual basis. According to some respondents, this practice may have an adverse impact on employment. Motivation to seek active employment is dampened by some degree at least, due to the fact that the resources for unemployment benefits are seldom reduced, which may harm the more strategic objectives of employment creation. Once the resources are allocated, there seems to be little problem in implementing it accordingly. No regular practice of under or over spending was mentioned, nor was any indication of regular shifts of resources between different budget lines.

There was little or no tangible feedback on the following issues: operational PFM support services to governments and aid agencies, institutional reform in Ministries of Finance and Line Ministries, design of new PFM legislation or improvement in the existing one, design and implementation of budget monitoring and evaluation systems, strengthening audit and accountability systems, support to improved aid harmonisation and implementation.

Monitoring, Reviewing and Reporting, including: (i) keeping regular record of progress and performance for improved management of budget implementation; (ii) providing feedback for policy formulation and management of the budget implementation.

The above were used to specify relevant key indicators, which were adjusted for each of the 4 target groups in the interview templates. These questions would be ideally addressed to departments with cross-cutting responsibilities for procurement, implementation, monitoring, auditing and reporting, but this proved rather ambitious given the limitations on the institutional functional definitions and the scope and availability.

There are no specific, unified guidelines for monitoring and evaluation of the results of budget implementation. The budget agencies, including service delivery agencies such as schools, prepare activity reports only. There is no mandatory instrument for monitoring purposes. Systematic use of information obtained from any monitoring is rare for policy purpose. Nonetheless, requests for reporting are frequent, often at short notice and with no feedback on how the relevant institutions use

these reports. The reports which are requested and produced at high cost of resources do not seem to fulfil much purpose and feedback.

Monitoring the budget performance consists of book-keeping, implementation of activities, and such like. They exclude the actual result monitoring. There is a gap in proper performance indicators, mandatory monitoring & evaluation and informative mutual communication between ministries for cross-cutting or multi-sectoral implementation plans. Experience from various countries shows that performance reporting can sometimes be used by entities to raise the profile of their department or service within an organisation. This can lead to the inclusion of performance indicators in areas where performance is already strong instead of indicators in areas which need strengthening. This is increasingly the case where budgets become tighter and requiring stricter prioritisation. It is therefore important that the monitoring exercise is based on comprehensive sets of performance indicators and carried out in a transparent way.

The MoF in Montenegro indicates that the current mechanisms for evaluation are based on the Public Expenditure Financial Accountability Assessment (PEFA) Report published in 2013 as well as the Public Expenditure and Institutional Review (PEIR) conducted in 2012. Large amounts of information and reports at the programme level are used to produce daily reports on budget execution, the results of which are used by budget managers. However, the PEFA does not contain the usual comparative table of the ranking compared to the previous PEFA, carried out in 2008. This could be partly explained by the larger than usual gap of 2 years for PEFA reports. The PEIR is focussed more on institutional review than on budget planning.

### **c. Main identified gaps**

#### Budget Preparation & Formulation

There appears to be limited grasp or practical foundations regarding the efficacy of needs assessment/costing of interventions as a tool for aligning development plans to budgets. A lack of a system of programme-based budgeting to respond to the challenges identified is evident from the available responses. Programmed-based budgeting would fast track development objectives in any economy more than activity based budgeting. It becomes easier to measure outcomes both in qualitative and quantitative terms. The expressed uncertainty in projecting both the revenue and the expenditure in a medium term framework is a serious obstacle to outcome-based planning and budgeting.

What is not clear, from this limited number of interviews is whether the respondents fully comprehend the questions. Little reference to the tailor-made indicators in the questionnaires seems to be made during the interviews. For instance, one of the indicators in the template is the 'Existence of legislative framework for result-oriented budgeting and whether they are complied with'. No one mentions anything about this. Similarly, there is almost no feedback on the issue of costing methodology and rationale. This may explain, to some extent, the ambiguity or generality of the majority of the answers.

There is lack of clarity about how the "planning architecture" is designed (e.g. vision, mission, goals, objectives, strategies, performance measures or performance indicators). Although the resources spent are monitored by internal and State audits at some of the Line Ministries, auditing is only part of a system of Public Finance Management, and its functions are different from (and complementary to) financial monitoring for expected results and targets. There seems to be a general confusion between 'activity-based' and 'results-based' budget planning. Furthermore, there is little information about how these activities are costed and what measures of efficiency are used (e.g. input/output ratios).

The NGOs, some of whom play an active role in research and service delivery, seem to be scarcely connected to the public budget process at all, or with any concrete impacts, despite the fact that consultations with NGOs are organised according to the parliamentary procedures. The purpose of participation is to plan the budget with a comprehensive scope of priorities, allocation and priorities as a result of this process. The setting up of a unified database between all institutions interested in better performance of labour market, education and economy is envisaged in order to avoid time loss and overlap of certain activities.

#### Budget Execution

There is no indication of any serious impediments in the budget execution, no matter how it is formulated. There are, however, some steps which could facilitate its management and impact.

#### Budget Monitoring & Reporting

There is a gap in practical, unified manuals for monitoring, developing a methodology with clear and measurable progress and performance indicators at all relevant levels. Clearer task descriptions of the staff responsible for mentoring and reporting could curtail some of these problems. More specifically, the overall monitoring system in HRD could be improved by involvement of social partners in teams for monitoring and evaluation. There should be a distinction made between the quality of the indicators and not their quantity per se. A larger number of indicators will impose problems in using them effectively (the Ministry of Agriculture mentioned the current 23 indicators).

There is a rather weak understanding of the significance of civil society's participation as well as the ultimate purpose of monitoring and reporting in the context of a modern budget planning. There is a variety of reporting practices across the institutions, but seemingly little use is made of them for purposes of policy objective prioritisation and performance monitoring. Most reports are annual and reflect on the work of the ministries in carrying out the planned activities only, not necessarily on the perceived objectives and their ultimate outcomes.

### **d. Main capacity development recommendations emerging from interviewees**

#### Budget Preparation & Formulation

- Conduct capacity building through learning from experience and training, clarifying and developing improved approaches to the MTEF approach suitable to the communities and priorities concerned;
- Prepare budgets based on the performance and not fragmented objectives of ministries;
- Improve qualification of staff in financial sectors, especially in the field of medium-term financial planning;
- Specify goals and results more clearly, as well as the real effects of expected results and how they will improve things.

#### Budget Execution

- Put in place mid-term and long-term planning based on projected economic growth and expected results and impacts, not on the basis of planned activities in the short term;
- Strengthen regulatory and operational framework for administrative actions and management of public and EU funds and all horizontal functions for relevant IPA Components;



- Strengthen managerial and financial accountability throughout the public administration at local and central level;
- Introduce mechanism for risk assessment and risk management;

#### Budget Monitoring & Reporting

- Strengthen smooth functioning of the financial management and control systems under centralised and decentralised management and service delivery, especially in ETVET and associated employment measures;
- Enhance an open and productive process of social dialogue on strategic priorities and their costs and returns to the Treasury in the medium and long run as a tool to increase capacity of stakeholders;
- Develop better indicators for measuring efficiency, success and progress;
- Provide training to the staff for the monitoring and evaluation process, as well as tailored reports.

## 4. Review workshop: Key conclusions and final capacity development plan

The RIA Workshop was held in Podgorica on 6 February 2014 with participation of all major stakeholders in the HRD sector and built upon the workshops organised under the Foresight for Montenegro Vision for Skills 2020.

The aim of the workshop was to:

- Validate and complement the results of the RIA interviews with the stakeholders.
- Elaborate shared and prioritized capacity development actions in relation to the RIA's five review focus.

The agenda of the workshop is attached as **Annex 2** and the list of the participating organisations is attached as **Annex 1**.

The formulated capacity development responses in relation to the 5 RIA review have the following characteristics:

- Engage multiple stakeholders ensuring an integrated development and sector approach
- Contain concrete actions necessary for the successful management and implementation of the Montenegro Vision for Skills 2020
- Address more than one level of capacity (e.g. both system level and institutional level)
- Combine short - to medium-term initiatives

The complete list of capacity development responses is provided below.

During the discussions at the workshop three topics were of particular interest and have therefore been further elaborated in the below sub-sections. This refers to:

1. Creation of a joint monitoring system
2. Communities of practice as means to policy learning
3. Examples of indicators

## 1. Creation of joint monitoring framework

The Montenegro CSP describes IPA II support envisaged for the HRD sector, the type of activities planned to achieve the intended results and the main indicators that will be used to measure results. In this respect, the stress is given on two specific elements:

- The importance of defining results indicators suggestion that the attention is given to the immediate benefits produced by the implementation of Sector Support Programmes/projects funded by IPA.
- The need for measuring results and for establishing a suitable mechanism for keeping track of IPA performance.

These indicators will be deriving from the CSP and will be specifically tailored for the HRD sector. It is important that an agreement on programme indicators is reached with the relevant (implementing) institutions both for political and practical reasons – i.e. indicators should be acceptable at senior government level and there must be capacity for validating, verifying and measuring them. The process to be undertaken by the lead ministry in the HRD sector (Ministry of Labour and Social Policy in Montenegro) is as follows:

- Identification of potential performance indicators from planned “Montenegro Vision for Skills 2020”/Sector Support Programme results.
- Formulation of mid-term sector targets on the basis of the expected results of the measures in “Montenegro Vision for Skills 2020”/Sector Support Programme against validated baseline data.
- Establishment of a joint monitoring system as a capitalisation of already existing monitoring systems with a view to ensure performance measurement.

Performance monitoring is the process of measuring the process towards achieving sector policy objectives/targets by means of indicators which provide information on implementation in relation to input, outputs, results and objectives. The typology of indicators is shown below.

Intervention level	Function of indicators
Impacts	Measure the wider benefits beyond direct beneficiaries.
Results	Measure the results, i.e. the direct benefits produced for beneficiaries.
Outputs	Measure the consequences of resource utilisation (activities carried out and their products).
Inputs	Measure financial and human resources provided.

A characteristic of project-based assistance is that it tends to place undue emphasis on the monitoring of resource usage (inputs) and immediate deliverables (outputs) and relatively little on achieving policy objectives. An important reason for moving towards sector approach is to introduce a much stronger results orientation to the monitoring of assistance and to focus national monitoring systems on the achievements of policy objectives. This is not to say that the monitoring of input and outputs is unimportant, but this level of monitoring should be taken over by the lead ministry of the HRD sector (Lead of HRD Operating Structure). This leaves the European Commission to focus on policy dialogue with beneficiary governments on the achievement of results and policy objectives and to agree on a Performance Assessment Framework (PAF).

The PAF is a set of set of regular performance measurements which enable programme managers and stakeholders to assess progress in achieving a set of policy objectives. These assessments should inform future decision making, so it is important to coordinate performances assessments with the planning, budgeting and reporting cycles.

A jointly agreed PAF allows for the selection of programme indicators which can be tracked and coordinated at various levels and stages of programme implementation, and which can form the basis of joint monitoring arrangements. The adoption of a PAF provides a platform for the setting of programme targets at the results level. Target-setting must be done on the basis of known financial allocations.

## 2. Communities of practice as means to policy learning

Decision making procedures should be based on a systematic and regular use of evidence in order to understand underlying problems in the education and training systems and, consequently, make informed policy choices. Therefore, the existence and use of solid evidence base in the fields of vocational education and training and labour market is of high importance for HRD policy making.

Evidence for policy making is the capacity to look at different point of views to build a consensual picture of a given situation which is as close as possible to the reality. This implies having in place governance mechanisms allowing for a large number of interactions between key stakeholders with a great diversity of interests and viewpoints and linkages between different information systems to produce clear evidence which can be understood by all. No single model exists but those who are likely to succeed are those which clarify those mechanisms and give end-users a voice in decision making.

The debate on evidence-based policy making is focussing on 'how' we do things, and not on 'what we do'. Evidence-based policy making is a topic that is transversal to all themes and issues that the HRD sector has to face. The challenge is to get to the right questions, to a sound and robust evidence system that contemplates creation, communication and use of evidence at all stages of the policy cycle. The purpose is not to have a standardized answer but answers that fit the context, support the ownership and contemplate the inputs of the multiple stakeholders involved in the HRD sector. The use of evidence for policy making is of crucial importance to successful preparation and implementation of policies.

Quantitative evidence is basically provided by data answering to the question "how much" and it is characterised by objectivity, as a result of the way in which it is created. However, data by itself will not reveal the optimal policy choice. Data can, however, be applied in service of values to inform policymaking. Qualitative evidence may include case studies, opinions, perceptions of stakeholders or policy documents, all of which can be gathered, for example, through evaluation methods, in-depth interviews, observations, focus groups or consultative techniques.

A community of practice involves more than the technical knowledge or skill associated with undertaking some task. Members are involved in a set of relationships over time and communities develop around areas that matter to people – i.e. policy making in the HRD sector. For a community of practice to function it needs to generate and appropriate a shared repertoire of ideas, commitments and memories. It also needs to develop various resources such as tools, documents, routines, vocabulary and symbols that in some way carry the accumulated knowledge of the community. In other words, it involves practicing ways of doing and approaching things that are shared to some significant extent among members. The interactions involved, and the ability to undertake larger or more complex activities and projects through cooperation, bind people together and help to facilitate relationships and trust (see the discussion of community elsewhere on these pages). Communities of practice have many of the benefits and characteristics of associational life such as the generation of social capital which can be used in policy learning. Learning is not seen as the acquisition of knowledge by individuals so much as a process of social participation. The nature of the situation impacts significantly on the process. Acknowledging that communities of practice affect performance is important in part because of their potential to overcome the inherent problems of a slow-moving traditional hierarchy in a fast-moving virtual economy. Communities also appear to be an effective way for organizations to handle unstructured problems and to share knowledge outside of the traditional structural boundaries. In addition, the community concept is acknowledged to be a means of developing and maintaining long-term organizational memory. These outcomes are an important, yet often unrecognized, supplement to the value that individual members of a community obtain in the form of enriched learning and higher motivation to apply what they learn.

The social capital resident in communities of practice leads to behavioral change which results in greater knowledge sharing, which in turn positively influences policy performance. Attention to communities of practice could thus enhance policy effectiveness.

### 3. Examples of indicators

The cost of creating one job is one of the most complicated indices to measure. It reflects the close correlation between changes in the unemployment rate and changes in the economic growth. In simple words, if unemployment falls, economic growth improves. By one of the established economic theories, it is believed that a 1% change in unemployment translates into a 2% change in output. For this very reason, many governments adopt employment stimulus policies by making huge public investments or subsidising private sector business initiatives, especially at the time of economic downturns, to mitigate the impact of poor economic growth performance. The cost per one job depends on a complex array of factors and varies within the same economy, let alone across different economies. The factors include the size of the initial investment, the duration for its depreciation, the sector of the economy (labour intensive or capital and technology intensive, skills required, the ratio of initial funding to employment generated and the forecast of productivity and investment return).

To give a simple example, in the private sector if a company has 20 employees and is investing \$5 million in funding the business, the cost per job is \$250,000 if all the investment is due to depreciate within the first year. For some kinds of businesses, like retail, the start up funding per job is lower compared to manufacturing or high/tech businesses.

Governments take out policies in a similar vein, but assuming that the jobs thus created are sustainable over the medium to long run and are highly productive, hence promoting economic growth. Out of the resulting economic growth, the governments achieve a rate of return on the public investment to justify the cost per job. In 2008, some estimates indicated that Obama's proposed job package cost \$280,000 per job to mitigate a projected increase of unemployment rate by 3.5% (that is an increase of 5.425 million more people out of job\*). For the UK, a 2012 report by the National Audit Office (NAO) on the first £1.4 billion of awards to businesses found the fund was being targeted at parts of the country that were most in need. It estimated that 41,000 extra jobs could be created in the economy over the following seven years as a result of the scheme's operation. The cost of each job was estimated at £26,000.

For developing countries, these figures are more difficult to calculate. In MNE, the only available information during the workshop was conveyed in the video clip, whereby the Deputy Minister of Labour mentioned the programme of introducing fresh graduates to the possibilities in the labour market. This programme, in its second year, is supposed to cover 4,211 fresh graduates in the current year with a fixed salary of Euro 250 per month for 9 months January to September. It is not, however, clear if these are positions which would be necessarily filled by matching demand and supply. Nor is it clear for now if these jobs are sustainable and taxable in the medium run and eventually what impact they might have on economic growth.

The current practice of Budgeting in MNE is based on activities, not expected results, outcomes or impact. The main reason for this is indicated as lack of proper comprehension of indicators for performance progress, output and impact. Ideally, an MTEF will have a PAF, which should be developed for each one of these Indicators through technical discussions with relevant implementing agencies and with clear methodology for calculating the quantitative indicators. A baseline situation will provide the reference point from which to measure the subsequent performance against. An annual target for achieving any of the expected outputs will be established and the performance progress or lack of will be monitored against the annual targets. The frequency will depend on the nature of the targets, and can vary from quarterly to half yearly and annually. A more regular monitoring will allow analysis of failures to meet the targets and possible adjustments.

#### Example 1:

**Activity:** Purchasing X number of School Busses.

**Indicator for Performance Progress:** Number or rate of school children reaching schools with school busses.

**Output:** Higher rate of school attendance by children using school busses.

**Example 2:**

**Activity:** Teachers Training.

**Indicator for Performance Progress:** Number or rate of trained teachers per 1000 students or per 100 schools, or per region, etc.

**Output:** Higher rate of completing school or lower rate of drop outs, or higher rate of success in national competitions, etc.

**Table 9: Capacity building responses for achievement of Skills Vision and introduction of HRD sector approach based on findings in RIA report**

Objective	Measure	Results	Beneficiary	Responsible	Time Short – (1 year) Medium (3 -5 years) – Long term (7 years)
WHY?	HOW?	WHAT?	FOR WHOM?	BY WHOM?	WHEN?
Capacity development for what change?	How to implement in practical and concrete terms?	What will be the results of the action?	Who will be targeted by the action?	Who will be responsible for initiation and implementation of the action?	“Reality check” - can the capacity development response be implemented?
Capacity development responses relating to RIA review focus 1: Inter-ministerial coordination and stakeholder engagement.					
Overall objective: Improve inter-ministerial coordination to ensure effective co-design and implementation of policies and strategies.					
1. Improve coordination of strategies in the HRD sector.	Expand the mandate of IPA Working Groups to cover all HRD sector.	Working Group mandate and composition formulated and approved in decree or regulation. Improved alignment of all strategies.	All relevant ministries and social partners and civil society.	Ministry of Labour and Social Policy	Medium term
2. Enhance exchange of information between relevant HRD actors.	Establish shared inter-ministerial database for strategies, action plans and results. Starting point: Unify ministerial databases and ensure access.	Established shared inter-ministerial unified database.  Improved monitoring of HRD strategy implementation.  Improved alignment of HRD related strategies in HRD policy design.	All the ministries, implementers, social partners etc.	All the ministries including Ministry for Information Society	Medium term
3. Establish mechanisms for policy learning processes in project	Institutionalise the communities of practices of policy	Sufficient number of mature projects for IPA II funding.	Ministries within HRD sector of other organisations related to	Ministry of Labour and Social Policy.	Medium term

network	makers and practitioners for exchange of experiences and ideas and develop common policy solutions and projects.	Ensuring absorption of IPA funds.  Improved policy solutions and better targeted actions for skills development.	HRD, stakeholders, social partners, trade unions etc.		
4. Improve social partners' involvement in policy making.	Conduct awareness raising activities.	Improved awareness on possibilities for participation in policy making.	Stakeholders	Ministry of Labour and Social Policy.	Medium term
	Provide capacity building activities for stakeholders.	Active participation in policy making.	Stakeholders	Ministry of Labour and Social Policy.	Medium term
Capacity development responses relating to RIA review focus 2: Policy Design.					
Overall objective: Improve capacities of evidence-based policy making in HRD.					
5. Improve capacities for skills anticipation and forecasting at sectoral and regional levels.	Enhance data collection and labour market analysis.	Improved quality of data.	Ministries, National Employment Service Employment Offices, Statistical Office.	Ministry of Labour and Social Policy	Medium term/Long term
6. Enhance capacities in use of foresight and other anticipation methods in policy making.	Conduct capacity building activities on foresight and anticipation in relation to strategy development and IPA II programming.	Increased capacity for scenarios planning and visioning for skills and HRD strategy development.  Improved alignment of HRD related strategies in HRD policy design.	Improved alignment of HRD related strategies in HRD policy design. Stakeholders, social partners, trade unions, etc.	Ministry of Labour and Social Policy	Short term
7. Establish quality assurance system in policy making.	Develop clear guidelines for policy making including instructions for data check.	Guidelines for steps in policy design.  Improved evidence in policy design.	Improved alignment of HRD related strategies in HRD policy design.	General secretarial of the Government/ Ministry of Interior/ Public Administration School.	Short term
	Provide training for relevant staff in policy making departments.				



8. Improvement of production and quality of data needed for timely decision making.	Tracer studies Assessment of ALMPs results; Research on the employers' needs; Different surveys on youth.	Improved analytical basis for evidence based decision making.	Ministry of Education, Ministry of Labour and Social Welfare, Employment Agency of Montenegro, VET Centre, schools, scientific research institutions.	Ministry of Labour and Social Welfare, Ministry of Education, Ministry of Science	Mid term
Capacity development responses relating to RIA review focus 3: Financial planning and budgeting.					
Overall objective: Improved ability to develop planning, budgeting frameworks and tools in HRD policies.					
9. Strengthen the capacity of Budget Planning in the medium term context (3-5 years).	Provide specific training in addition to IPA's training to staff for planning at line ministries.	More efficient use of public finance in HRD.	All relevant budget users in HRD.	Ministry of Finance by hiring training experts (internal or external)	Medium term
10. Create / strengthen Financial Planning Departments at Ministry of Finance and Line Ministries.	Public Administration Reform. Organisational development: Create/Strengthen Financial Planning Departments in Ministry of Finance and Line Ministries.	More efficient allocation of public finance in alignment with national strategic priorities.	Ministry of Finance and Line Ministries.	Human Resources Authority - Ministry of Interior, Secretariat General of the Government and possibly the Parliament	Medium to long term
11. Improve the quality and flow of information between departments in charge of implementation of programmes and the Budget and Financial Departments within each Line Ministry.	- Working groups with specific tasks and official contact points; - Clear procedures; - Improving reporting mechanisms.	Better alignment of resource allocation with policy priorities.	Budget implementing agencies and budget end users	Top and medium-level managers at line ministries	Short term
12. Improving public accountability in budget allocation (costing) and implementation (results).	Encouraging public debates, via the Parliament and mass media.	Raised public awareness and more transparent public finances regarding public procurement. Higher managerial accountability	All tax payers	Initiated by civil society and implemented by all Government Budget	Medium term

		in public finance.		agencies	
Capacity development responses relating to RIA review focus 4: Implementation.					
Overall objective: Improved ability to manage and implement appropriate policy responses to skills needs.					
13. Ensure coordination and implementation of the “MNE Vision for Skills 2020”	Define rules and procedures for the implementation of priorities and measures in the “MNE Vision for Skills 2020”.	Defined procedures—documents, templates, etc.  Strengthen capacities of implementing institutions and their services for communication.	Institutions in charge of implementation and staff	Government and relevant ministries	Short term
14. Strengthening capacities of sectorial commissions for the assessment of labour market needs and preparation for the learning outcomes for qualifications in short supply.	Training of sectorial commissions for development of sectors, which includes preparation of necessary instruments, the use of available resources and data.	Developed sector profiles based on which you can see to which direction the sector is developing; Better assessment and prognoses of needs within the sector; Prioritization within the sector; Harmonized descriptions of prioritized qualifications (that is, learning outcomes needed for these qualifications).	Sectoral commissions	Ministry of Education	Mid term
15. Strengthening capacities of institutions which are in charge of qualification development.	Training of fellow workers for qualification development and teachers and associates in schools and with organizers of adult education. Development of qualifications.	Trained services which develop qualifications.  Faster and more efficient development of qualifications.  Improved education supply.  Increased number of people included in LLL.	Institutions in charge of qualification development	Ministry of Education	Mid term
16. Strengthening capacities of schools and education organizers for program implementation.	Establishment of a system for continual education and training of teachers.	Established a sustainable system of continuous training of teachers.  Implemented teacher trainings	Schools and organizers of education	Ministry of Education	Mid term

	<p>Vocational training for teachers for active teaching/learning and innovative learning.</p> <p>Equipping of schools for the implementation of modular programs.</p>	<p>which enable creation of competitive workforce at the labour market.</p>			
17. Strengthening of the capacities for career guidance services.	<p>Define indicators; establish monitoring and evaluation plan with defined competences; prepare guidelines for the plan implementation.</p>	<p>Timely insight in the course and implementation of measures and activities; realization of indicators.</p>	<p>Schools and education organizers</p>	<p>Ministry of Education</p>	<p>Mid term</p>
18. Enhance capacities of employers who take part in the implementation of practical education / professional practice and vocational education in their companies in order to raise quality of all kinds of practical training in companies.	<p>Training of mentors/instructors of practical classes in companies.</p> <p>Define the model of tax reliefs for companies as a type of incentive for their more active participation in implementation of education.</p>	<p>Increased level of awareness of employers about their role in education and training.</p> <p>Trained personnel in companies which contributes to the quality of practical training.</p>	<p>Companies (private and majority state-owned companies)</p>	<p>Ministry of Education in cooperation with Vocational Training Centre</p>	<p>Short term – midterm</p>
19. Enhance capacities of services for career orientation in schools.	<p>Training of school teams for implementation of different models of career orientation.</p>	<p>Trained school teams.</p> <p>Applied models of career orientation in schools; enrolment policy better aligned with labour market needs.</p>	<p>Schools</p>	<p>Ministry of Education</p>	<p>Midterm</p>

Capacity development responses relating to RIA review focus 4: Monitoring and evaluation.

Overall objective: Improved ability to monitor and evaluate (including reporting and learning) HRD policies.

18. Enhance joint monitoring and evaluation of HRD policies.	Establish joint monitoring system (Performance Assessment Framework): - Identify key adequate HRD indicators. - Draft unified guidelines for staff. - Establish of joint monitoring database.	Adequate HRD indicators identified and used in joint monitoring system.  Aligned HRD strategies.	Relevant institutions in the HRD sector	Ministry of Labour and Social Policy	Medium term
19. Enhance capitalisation of lessons learned and feedback into new policies.	Establish mechanism for “feedback loops” in HRD policy making.	Information channels and feedback mechanisms established.  “Learned policies” as basis for future policies in the HRD sector.	Relevant institutions in the HRD sector	Ministry of Labour and Social Policy	Medium term
20. Rationalisation of the financial planning.	Create monitoring structure for budget execution by establishing base line and annual targets within Mid-term.	Stronger finalisation planning.	Financial and planning departments in HRD sector ministries	Ministry of Finance	Medium term/Long term

## 5. Conclusion

The shared and prioritised capacity development plan for institutions generated at the RIA workshop will be fully integrated in the roadmap/milestones developed under the foresight component of FRAME. In particular, the capacity development plan will be considered as one of the main steps to be accomplished to achieve the identified 2020 vision for skills development.

The high involvement of all implementing agencies as well as different stakeholders from the start of the creation of the Skills Vision Document as well as a clear leadership role of the MLSW enables ownership over the documents and commitment as two most important preconditions for implementation. Communication and coordination among different institutions during the preparation of the Document as well as during the preparation of IPA documents and programs is good practice. In addition, some already existing mechanisms of informal communication within the institutions are enhancing flow of information.

However, further creation and improvement of procedures (documents, reporting forms, etc.) for implementation of policies is needed in order to enable efficient communication between ministries and implementing agencies. It is important to emphasize that implementing agencies need further improvement of their capacities (financial and human) for implementation of concrete measures. Thus, some agencies would need financial resources for certain measures such as Active Labour Market Policy (ALMP), training courses, equipment in the schools, etc. Also, education of the management of schools as well as training of teachers is essential for the proper implementation of all modern teaching techniques and practices. Overall, it would also be important to improve data production and data analysis in order to enable measuring the results but also creating the future measures and activities. In addition, increase of the knowledge and skills on data use can contribute to the analytical capacity development.

The sector-based approach is due to be applied more systematically to multi-annual programmes in the next EU financial perspective, as proposed for IPA II. The intervention logic, ownership and impact of IPA II will be strengthened by focussing assistance on the achievement of national sector policy objectives and results which are relevant for accession.

The Montenegrin CSP prepared by the EC is the key IPA II planning document to be prepared in 2013. The FRAME Initiative has therefore implemented in close coordination with the drafting of the section in the CSP regarding the sector for Human Resource and Social Development.

The Vision Paper will inform the Commission's services and the national authorities in light of the drafting process of the Country Strategy Papers, 2014 – 2020 about a Skills Vision 2020, priorities and concrete actions, which will in turn be used as a basis for future planning and programming of IPA II.

The Sector support will be provided by means of Sector Support Programmes (SSPs), which will be drafted in the course of 2014 for the HRD sector in Montenegro. It is intended that SSPs will be developed for the areas and activities defined in the CSP and that the programmes will have clearly formulated objectives, targets and results.



## PART III – MONITORING PROGRESSES OF THE VISION FOR SKILLS 2020

With the FRAME monitoring component, ETF has assisted the Enlargement countries to build up and follow an evidence-based tool to monitor progress towards achieving the skills 2020 vision, roadmap and capacity development plan, as identified during the Foresight and RIA exercises, taking into account national, regional and European strategic objectives. The key question was “What indicators are needed to monitor progress for the 2020 Vision for Skills?” and the envisaged result was a monitoring tool to support policymakers in assessing the progress towards the vision for skills 2020 in the wider context of EU and regional cooperation processes.

A participatory approach ensured commitment and agreement of national stakeholders on the monitoring tool (National Technical Teams – NTTs; gathering representatives of relevant ministries, i.e. labour, education, economy, development, research, youth, etc., and implementing agencies, statistical offices, other stakeholders). NTTs key tasks referred to giving advice on indicators’ relevance and feasibility and identification of gaps in current capability to collect, process and disseminate key indicators for the HRD field. This allowed for a thorough check of proposed monitoring methodology and indicators against each country’s specificities in the field of skills generation and capacity development.

The core Montenegrin NTT consisted of representatives of the Ministry of Labour and Social Welfare (FRAME Initiative leading institution in Montenegro) and Statistical Office of Montenegro, together with a FRAME local expert. Other relevant institutions joined while working on indicators check and selection.

A roadtest of the monitoring tool took place in Podgorica, Montenegro on 12 November 2013 having as key objective to discuss its relevance and applicability of the monitoring methodology and the draft list of common indicators. This enabled customization of the tool to the country’s readiness to use certain indicators and identification of main challenges and problems encountered at national level. The main points that emerged from the meeting referred to the need to keep an efficient link between the outcomes of Foresight and RIA components and the work on monitoring (Montenegro leading institution opted for keeping the same national team); to identify proper indicators for 2020 Skills Vision roadmap and use of reliable data sources; to ensure synergies across different initiatives in the region aimed at enhancing the monitoring and evaluation systems.

Montenegro team input was extremely valuable for preparing the 1st Regional Technical Monitoring Meeting (Sarajevo, 26 November 2013). Based on ME roadtest outcomes, ETF further refined the list of common indicators and the methodological approach to get countries’ feedback. The Montenegro delegation presented the national preparatory steps for skills monitoring (institutional arrangements; links with 2013-2020 IPA programming) and the results of the roadtest. ME feedback on the list of common indicators and FRAME Monitoring methodological approach is summarised as follows:

- almost all proposed common indicators were found as very relevant (highest scores for output and outcome indicators);
- in terms of feasibility (availability and comparability), input type of indicators scored highest, while process and impact ones got the lowest scores. A specific issue is that some of the proposed indicators might be available upon request (they are not part of the core indicators that are regularly released);

- further work needed to investigate data availability and also refinement of indicators selected in the roadmap.

In response to the NTT priorities for further work, ETF supported ME through follow-up activities – including a technical meeting (back to back with RIA workshop) - on 5 February 2014. A thorough data availability and relevance check for all national indicators reflected in the roadmap and further identification of comparability problems for the common indicators were carried out. The results of these activities are reflected in the following table (list of country-specific and common indicators) and Annex 5 (monitoring graphs).



**Table 10: Montenegro list of indicators for skills generation monitoring (country specific and common indicators)**

National Priorities (Vision for Skills 2020)	Indicator	Unit	Definition	Source	Data release	LAY
<b>Policy Area 1: Improving education and training system</b>						
<b>Priority 2:</b> Skills contributing to greater quality of life	<b>K.</b> Tertiary education attainment	%	Proportion of population aged 30-34 years having successfully completed university or university-like education (ISCED 5 or 6)	LFS	Yearly	2013
	<b>K.</b> Highly qualified people	000	Highly qualified people (second stage of tertiary education, bachelors, masters or doctors' degrees) in the working age population (active + inactive), 15+ (000)	LFS	Yearly	2013
	<b>K.</b> Achievement in basic skills	%	Share of 15-year-olds failing to reach level 2 in reading, mathematics and science as measured by OECD's PISA	OECD – A	Every 3 years	2012
<b>Priority 3:</b> A socially inclusive skills system	<b>K.</b> Early leavers from education and training		Proportion of the population aged 18-24 years with at most lower secondary education and who are not in further education or training	LFS	Yearly	2013
<b>Priority 2:</b> Skills contributing to greater quality of life	VET expenditure	%	Public expenditure in upper secondary VET as a percentage of total education spending	MoE	Yearly	2010
	Adult literacy	%	Proportion of population (10+) able to read and write a simple text in national language	Census	Every 10 years	2011
<b>Priority 2:</b> Skills contributing to Greater of life <b>P2-O3:</b> increased development of transferable skills and key competences	Participation in VET	%	Number of students in VET as a percentage of total enrolment in upper secondary education (ISCED 3)	UIS	Yearly	2012
	Computer literacy	%	Share of computer literate person (15+)	Census	Every 10 years	2011
<b>Priority 3:</b> A socially inclusive skills system <b>P3-O2:</b> Increased participation of	Educational attainment of RAE** population	%	Share of RAE population aged 15+ with at least upper secondary education	Census	Every 10 years	2011

National Priorities (Vision for Skills 2020)	Indicator	Unit	Definition	Source	Data release	LAY
the REA population in education, employment and entrepreneurial activity						
<b>Policy Area 2: Improving skills supply and productivity, lifelong learning</b>						
<b>Priority 2:</b> Skills contributing to greater quality of life <b>P2-O2:</b> Higher overall participation of the population in LLL	<b>K.</b> Participation in Lifelong Learning	%	Share of the population aged 25-64 who stated that they received formal or non-formal education or training in the four weeks preceding the survey	LFS	Yearly	2013
<b>P0:</b> Balanced anticipatory skills system <b>P0-O1:</b> Improve the match between skills supply and demand	Training needs analysis	%	OECD – Small Business Act Assessment methodology	OECD - B	Every 3 years	2012
	University-enterprise cooperation	%		OECD - B	Every 3 years	2012
	Training for women's entrepreneurship	%		OECD - B	Every 3 years	2012
	Access to training	%		OECD - B	Every 3 years	2012
	Placement rate of VET learners	%	Share of employed who attended a VET programme on total employment (Vocational education after primary, secondary vocational education)	LFS	Yearly	2013
	Share of employed graduates	%	Share of employed people aged 20-34 having successfully completed upper secondary or tertiary education among the population aged 20-34	LFS	Yearly	2013
	Employment rate of graduates	%	Ratio between the employed aged 20-34 having successfully completed upper secondary or tertiary education among the	LFS	Yearly	2013

National Priorities (Vision for Skills 2020)	Indicator	Unit	Definition	Source	Data release	LAY
			population aged 20-34			
	Graduate unemployment rate by level of education	%	(unemployment rate by school attainment) Ratio between the unemployed (15+) by educational level attained and the active population (employed + unemployed) (15+) who attained the same educational level	LFS	Yearly	2013
<b>Priority 1:</b> Skills contributing to greater economic growth and development <b>P1-O2:</b> Increase the entrepreneurial creation of jobs and labour force demand	Participation in training	%	Number of registered unemployed participating in “entrepreneurship development and employment programmes” as a share of total registered unemployment	NES/ CRESSEC	Yearly	2012
<b>Priority 3:</b> A socially inclusive skills system	Participating in training	%	Number of registered unemployed participating in training (2) as a share of total registered unemployed	NES/ CRESSEC	Yearly	2012
<b>Priority 3:</b> A socially inclusive skills system <b>P3-O1:</b> Increased employability of people far from the labour market	Active Labour Market Policies (ALMPs) expenditure	%	Expenditure on ALMPs (2-7) as a share of GDP	NES/ CRESSEC	Yearly	2012
	Participation in ALMPs	%	Number of registered unemployed participating in ALMPs (2-7) as a share of total registered unemployed	NES/ CRESSEC	Yearly	2012
<b>Policy Area 3: Increasing labour market participation</b>						
<b>Priority 3:</b> A socially inclusive skills system	<b>K.</b> Employment rate (20-64)	%	Ratio between the employed aged 20-64 and the population aged 20-64	LFS	Yearly	2013
	<b>K.</b> Overall employment rate, % of the 15+ population	%	Ratio between the employed aged 15+ and the population aged 15+	LFS	Yearly	2013
	Inactivity rate by	%	Inactive population (out of the labour force) (15+) as a share of the working age	LFS	Yearly	2013

National Priorities (Vision for Skills 2020)	Indicator	Unit	Definition	Source	Data release	LAY
	sex		population (employed + unemployed + inactive) (15+)			
	Inactivity rate by age group	%	Inactive population (out of the labour force) (15+) as a share of the working age population (employed + unemployed + inactive) (15+)	LFS	Yearly	2013
	Total unemployment rate	%	The ratio between the unemployed (15+) and the active population (employed + unemployed) (15+)	LFS	Yearly	2013
	Long term unemployment rate	%	Long term unemployed (12 months or more) (15+) as a percentage of the total active population (15+)	LFS	Yearly	2013
	Long term unemployment share	%	Long term unemployed (12 months or more) (15+) as a percentage of the total population (15+)	LFS	Yearly	2013
<b>Priority 2:</b> Skills contributing to greater quality of life <b>P2-O1:</b> Higher youth employability	Youth unemployment rate	%	Ratio between the unemployed (15-24) and the active population (employed + unemployed) (15-24)	LFS	Yearly	2013
	Youth employment rate	%	Ratio between the employed (15-24) and the population (15-24)	LFS	Yearly	2013
	NEETs rate (15-24)	%	Percentage of the population of a given age group and sex that is not employed and not involved in further education and training (15-24)	LFS	Yearly	2013
	Long term youth unemployment rate	%	Long term unemployed (12 months or more) (15-24) as a percentage of the total unemployed aged 15-24	LFS	Yearly	2013

# ANNEXES

## Annex 1: FRAME Participants

Foresight Workshop Participants	
The institutions that were consulted and those participating in one or more of the workshops are as follows:	
Ministry of Labour and Social Welfare	H.E. Predrag Bošković, Minister Ms Arijana Nikolić-Vučinić, Deputy Minister for Labour Market and Employment Mr Vladimir Radovanić, Adviser to the Minister Ms Ivana Šučur, Senior Adviser, Department of Labour Market and Employment
Ministry of Economy	Ms. Marija Iličković, Deputy Director, Directorate for Development of SMEs Ms Andjela Pušonjic, Adviser for Institutional Support, Directorate for Development of SME
Ministry of Education	Ms Ivana Mrvaljevic, Adviser, Department for Qualifications Ms Zora Bogičević, Adviser,
Ministry of Science	Mr Darko Petrušić, General Director Ms Smilja Kažič, Head of Department for International Programmes and EU Integration Ms Ivana Lagator, Department for International Programs and EU Integration Ms Milena Milonjić, Department for International Programs and EU Integration Ms Marijeta Barjaktarović Lanzardi, Department for International Programs and EU Integration
Ministry of Foreign Affairs and European Integration	Ms Ivana Petričević, Acting Director General for Coordination of the EU Programmes Ms Milica Abramović, II Secretary
MONSTAT	Mr Filip Adžić, International department
National Employment Agency	Ms Irena Perić, Advisor at the NEA - Employment Agency Ms Nada Radovanić, NEA - Employment Agency Ms Dragica Rustamagic, NEA - Employment Agency Ms Melanija Malikovic, NEA - Employment Agency Mr Djordjo Borović, NEA - Employment Agency
VET Centre	Mr Duško Rajković, Director of the VET Centre Ms Ivana Mihailović, Adviser for International Cooperation and Public Relations of the VET Centre Mr Goran Blagojević, the VET Centre Mr Dušan Bošković, the VET Centre
Social Partners	Ms Tanja Radusinović, Advisor of the President, Chamber of Economy of Montenegro Ms Ana Maraš, Adviser at the Montenegrin Employers' Federation (UPCG) Ms Bojana Kalezić, Manager at the Montenegro Business Alliance MBA Mr Vidak Djuranović, Secretary General at the Confederation of Trade Unions (SSSCG) Mr Vladimir Krsmanovic, Confederation of Trade Unions (SSSCG)
Education and Training providers	Ms Dragica Andjelic, Secretary General of the Mediterranean University

	Ms Ivana Stesevic, Assistant at the University of Donja Gorica Ms Ivana Sukovic, The Examination Centre
NGOs	Elvira Hadzibegović Bubanja, Forum MNE Marija Vuksanović, CEDEM Dženita Brčvak, CEDEM
Delegation of the European Union to Montenegro	Mr André Lys, head of Operations..... Ms Sonya Gregorieva. Mr Romain Boitard.
ETF	Ms Margareta Nikolovska, Country Manager for Montenegro Ms Lizzi Feiler, Labour Market Specialist and Foresight project principal Ms Jadranka Kaludjerovic, national expert for the FRAME project Mr Patrick Crehan, international expert for the FRAME project

### RIA List of Organisations Interviewed

Ministry of Labour and Social Welfare Department for Labour Market and Employment	Ms Ivana Sucur -Advisor to the Minister
Ministry of Labour and Social Welfare Department for Labour Market and Employment	Mr Vlatko Radovanic -Advisor to the Minister
Ministry of Education and Sports Department for Qualifications	Ms Zora Bogičević-Head of the Sector for Qualifications
Ministry of Science Department for Scientific- Research Activity	Mr Darko Petrusic- head of the Department for international programs and European integrations
Employment Agency of Montenegro,	Ms Nada Radovanic -Head of the Centre for human resource development
VET Centre,	Mr Dusan Bošković-Head of the department for curricula and standards
Union Of Employers	Ms Ana Maras-Advisor for Education and Members support
Ministry of Labour and Social Welfare Financial Service ,	Ms Ranka Pavicevic
Ministry of economy Department for Energy	Ms Branka Skuric -Sector for Regional Development
Ministry of Sustainable Development and Tourism Directorate for Touristic Development and Standard	Ms Olivera Brajovic-General Director
Ministry of Agriculture and Rural Development	Mr Brano Vujacic -General secretary
Directorate for Development of Small and Medium Enterprises,	Ms Andjela Pusonjic
Confederation of Trade Unions of Montenegro,	Mr Vladimir Krsmanovic -Secretary General
Mediteran	Ms Dragica Andjelic, Secretary general
Secondary VET school Marko Radovic in Podgorica	Mr Dragan Miranovic, director
Licensed scientific-research institutions Plantaze	Ms Rajka Pejovic , Department for Human Resources
Ministry of Education	Ms Ivana Mrvaljevic

Directorate for Youth and Sport Office for Youth,	Mr Perica Djukanovic, Office for General Operations
Bureau for Educational Service,	Mr Radoslav Milosevic Atos- Deputy director
Ministry for Human and Minority Rights Department for the Promotion and Protection of Human Rights and Freedoms	Ms Blanka Radosevic Marovic-Deputy Minister for Minority Rights
NGO Romski Krug,	Veselj Beganaj
Marmil,	Mr Igor Kilibarda, CEO
Association of paraplegics of Montenegro	Ms Filipa Rajkovic
Employment Agency of Montenegro Department for Research, Development and Financing of Self-employment	Mr Ratko Bakrac-Office for Planning, Analysis and Statistics
Ministry of Finance	Ms Ana Krsmanovic, Directorate for Central Harmonization
MINISTRY OF LABOUR AND SOCIAL WELFARE	Ms Ljulje Dušaj Department for Programming and Implementation of EU funds E-mail: ljulje.dusaj@mrs.gov.me  Ms Arijana Nikolic-Vucinic Director General for Labour Market and Employment Email: arijana.nikolic@mrs.gov.me  Mr Vladimir Radovanic Advisor to the Minister E-mail: vladimir.radovanic@mrs.gov.me  Ms Vesna Vujošević Director Directorate for Informatics Email: vesna.popovic@mrs.gov.me
MINISTRY OF FINANCE	Ms Ana Krsmanovic Directorate for Central Harmonization Email: ana.krsmanovic@mif.gov.me  Ms Nina Blečić Email: nina.blecic@mif.gov.me
MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION	Ms Ivana Petricevic Director General for Coordination of the EU Assistance Programmes Email: ivana.petricevic@mfa.gov.me  Ms Ivana Vujošević Email: ivana.vujosevic@mfa.gov.me  Ms Milica Abramović E mail: milica.abramovic@mfa.gov.me
MINISTRY OF EDUCATION	Ms Zora Bogicevic Senior Advisor for Vocational Education, Department for Secondary and Post-Secondary Education E-mail: zora.bogicevic@gov.me
MINISTRY OF SCIENCE	Ms Milena Milonjić

	Independent Consultant II Directorate for International Programs and EU integration E-mail: milena.milonjic@mna.gov.me
MINISTRY OF ECONOMY	Ms Branka Skuric Sector for Regional Development E-mail: branka.skuric@mek.gov.me
NATIONAL EMPLOYMENT AGENCY	Mr Borović Đorđo Advisor for International Cooperation and Development Projects E-mail: djordjo.borovic@zzzcg.me  Ms Katarina Komatina Sector for Project Preparation and Financial Management and Control E-mail: katarina.komatina@zzzcg.me  Ms Aleksandra Mugoša Independent Consultant for the Development and Implementation of Projects E-mail: Aleksandra.mugosa@zzzcg.me  Ms Irena Perić Sector for EU, Independent Consultant for the Development and Implementation of Projects E-mail: irena.peric@zzzcg.me  Ms Nada Radovanić Senior Adviser, Head of the Centre for human resource development E-mail: nada.radovanic@zzzcg.me
VET CENTRE	Mr Dušan Bošković Head of Curricula Development and Occupational Standards Department E-mail: dusan.boskovic@cso.gov.me
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT	Ms Marijana Stanić General Service Department E-mail: marijana.stanic@mpr.gov.me
BUREAU FOR EDUCATIONAL SERVICES	Mr Radoslav Milosevic Atos Deputy Director E-mail: radoslav.milosevic@zss.gov.me
MONTENEGRIN EMPLOYERS' FEDERATION	Ms Ana Maras Adviser E-mail: anam@poslodavci.org
MEDITERRANEAN UNIVERSITY	Ms Slobodanka Krivokapić Professor E-mail: slobodanka.krivokapic@unimediterranean.net
Construction School "Eng. Marko Radević"	Mr Dragan Miranovic School Director E-mail: scmarkoradevic@t-com.me
UNION OF PARAPLEGICS	Ms Nataša Borović E-mail: paraplegicari@t-com.me



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ETF EXPERTS	<p>Ms Susanne Nielsen E-mail: susanne.m.nielsen@gmail.com</p> <p>Ms Nazy Sedaghat E-mail: nsnaz24@gmail.com</p> <p>Ms Jadranka Kaludjerovic E-mail: jkaludjerovic@t-com.me</p> <p>Mr Vojin Golubovic E-mail: vgolubovic2004@yahoo.com</p>
ETF	<p>Ms Margareta Nikolovska Country Manager E-mail: mni@etf.europa.eu</p> <p>Ms Cristiana Burzio Project Officer E-mail: cbu@etf.europa.eu</p>

## Annex 2: Agendas of workshops

### Foresight workshop n. 1

Time	Session objective
9:00 – 9:15	Registration of participants
9:15 - 10:15	<p><b>Welcome and introduction</b>            Predrag Bošković, Minister of Labour and Social Welfare            André Lys, Head of Operations, EU Delegation to Montenegro</p> <p><b>Presentation of the National Development Plan</b>            Tijana Stanković, Deputy Minister for Economic Policy and Development, Ministry of Finance</p>
10:15 – 11:00	<p><b>Introduction to FRAME and FORESIGHT: context and objectives</b>            Lizzi Feiler, ETF labour market specialist            Patrick Crehan, ETF international expert            Questions and answers (Q&amp;A)</p>
11:00 - 11:15	Coffee break
11:15 – 12:30	<p><b>Scoping skills issues and challenges in Montenegro</b>            Breakout groups</p>
12:30 – 14:00	Lunch
14:00 – 15:00	<p><b>Overview on existing strategies: the strategic panorama</b>            Jadranka Kaludjerovic, ETF national expert</p>
15:00 – 15:30	<p><b>Skills challenges and issues from the EU perspective</b>            Lizzi Feiler, ETF labour market specialist</p>
15:30 – 15:45	Coffee break
15:45 – 16:30	<b>Presentation of the findings from the breakout groups</b>
16:30 – 17:00	<b>Conclusions and next steps</b>
17:00	<b>Closure of the meeting</b>

## Foresight workshop n. 2

Time	Session objective
9:00	Registration of Participants
9:15 - 9.30	<p><b>Welcome and introduction to the workshop agenda and objectives</b></p> <p>Vladimir Radovanić, Advisor to the Minister of Labour and Social Welfare Margareta Nikolovska, ETF country manager for Montenegro</p>
9:30 – 10:30	<p><b>Results from workshop 1: issue paper with analysis of main current issues</b></p> <p>Rapporteurs to the 3 breakout groups in workshop 1, Comments and observations by participants and by ETF Session moderated by Vladimir Radovanić (tbc)</p>
10:30 – 10:45	Coffee break
10:45 – 12:15	<p><b>Demand for skills: Panel discussion</b></p> <ul style="list-style-type: none"> <li>• How do they (the HR managers) see their current and futures skills demands, how are they recruiting people?</li> <li>• How are they signalling their needs to the education and training providers and the public employment service?</li> <li>• What do they (the HR managers) expect from public policy and which services from the public employment agency (NEA)?</li> <li>• Service to employers provided by the NEA – experiences with training and job placement (point of view of the NEA)</li> </ul> <p>Panel discussion moderated by Lizzi Feiler</p>
12:15 – 12: 45	<p><b>Global trends and drivers for change</b></p> <p>Lizzi Feiler, ETF</p>
12:45 – 13:45	Lunch
13:45 - 15:00	<p><b>Which trends and drivers are relevant for Montenegro?</b></p> <p>Work in 3 parallel breakout groups</p>
15:00 - 15:15	Coffee break
15:15 – 16.30	<b>Report from the 3 breakout groups</b>
16:30 – 17:00	<p><b>Which skills should Montenegro develop towards 2020?</b></p> <p>Introduction to vision building by Patrick Crehan</p>

## Foresight workshop n. 3

### Day 1

Time	Session objective
9:00	Registration of Participants
9:15 – 10:00	<p><b>Welcome address</b>  Arijana Nikolic-Vucinic, Deputy Minister of Labour and Social Welfare  André Lys, Head of Operations, EU Delegation to Montenegro  Henrik Faudel, Head of the Geographical Operations Department, ETF</p> <p><b>Introduction to the workshop agenda and objectives</b>  Lizzi Feiler, ETF Labour Market Specialist</p>
10:00– 11:00	<p><b>Presentation of success scenarios</b>  Rapporteurs of the 3 breakout groups from workshop 2  Plenary comments and discussion by participants  Comments by ETF</p>
11:00 – 11.15	Coffee break
11:15 – 12:45	<p><b>Vision statements on skills 2020</b>  Facilitated plenary discussion</p>
12:45 – 13:45	Lunch
13:45 – 15:00	<p><b>Orientations for SETTING PRIORITIES</b>  <b>Presentation of policies with relevance to skills by:</b></p> <ul style="list-style-type: none"> <li>• Ministry of Labour and Social Welfare</li> <li>• Ministry of Education and Sports</li> <li>• Ministry of Science</li> <li>• Chamber of Economy of Montenegro</li> <li>• VET Centre</li> <li>• Montenegrin Employers' Federation</li> </ul>
15:00 – 15:30	<p><b>Priority setting - Introduction</b>  Patrick Crehan, ETF international expert  Three breakout groups</p>
15:30 – 15:45	Coffee break
15:45 – 16:45	<p><b>Priority setting</b>  Work in three breakout groups continued</p>
16:45 – 17:00	Feedback, and outlook for tomorrow
17:00	Cocktail reception

## Day 2

Time	Session objective
9:00 – 9:30	<p><b>Introduction to the day</b> Margareta Nikolovska, ETF Country Manager for Montenegro</p> <p><b>Introduction to FRAME component 2: Review of institutional arrangements</b> Lizzi Feiler, Etf Labour Market Specialist</p>
9:30 – 10:30	<p><b>Developing the Roadmap</b> Introduction and briefing by Patrick Crehan, ETF international expert</p> <p><b>What needs to be done and included in the roadmap</b> Work in three breakout groups</p>
10:30 – 10:45	Coffee break
10:45 – 12:30 12:30 – 13:00	<p><b>Continuation of the breakout groups</b></p> <p><b>Presentation and discussion of break out groups results</b></p>
13:00 – 14:30	Lunch
14:30- 16:00	<p><b>Final version of vision, priorities and roadmap</b> Feedback from top stakeholders, how the vision, priorities and roadmap should be formally adopted and implemented</p>
16:00 – 16:30	<p><b>Closure of the meeting</b></p> <ul style="list-style-type: none"> <li>• Vladimir Radovanic, Adviser to the Minister, Ministry of Labour and Social Welfare</li> <li>• André Lys, Head of Operations, EU Delegation to Montenegro</li> <li>• Henrik Faudel, Head of the Geographical Operations Department, ETF</li> </ul>

## RIA workshop

Time	Session objective
09:00 – 09:30	Registration
09:30 - 10:00	<p><b>Opening of the workshop</b></p> <p>Welcome</p> <ul style="list-style-type: none"> <li>• H.E. Predrag Bošković, Minister of Labour and Social Welfare (tbc)</li> <li>• Representative of the NIPAC office (tbc)</li> <li>• André Lys, Head of Operations, EU Delegation to Montenegro (tbc)</li> </ul> <p><b>The RIA Workshop: purpose and expected results</b></p> <p>Margareta Nikolovska, ETF Country Manager for Montenegro</p>
10:00 – 11:00	<p><b>Presentation of the “Montenegro Skills Vision 2020”</b></p> <p>Vladimir Radovanic, Advisor to the Minister, Ministry of Labour and Social Welfare</p> <p><b>Results of the Review of Institutional Arrangements (RIA)</b></p> <p>Presentation of the RIA: approach, results and recommendations</p> <ul style="list-style-type: none"> <li>• Vojin Golubovic and Jadranka Kaludjerovic, ETF national experts</li> <li>• Nazy Sedaghat and Susanne Møller Nielsen, ETF international experts</li> </ul>
11:00 – 11:30	<p><b>Feedback session: Discussion of the RIA results</b></p> <p>Plenum discussion moderated by Ivana Sucur, Head of Department for programming and implementation of EU funds, Ministry of Labour and Social Welfare</p>
11:30 – 11:45	Coffee break
11:45 – 12:00	<p><b>Group work on capacity development actions</b></p> <p>Introduction to group work</p> <p>Group division – focus and tasks</p> <p>Template</p> <p>Jadranka Kaludjerovic, ETF national expert</p>
12:00 – 13:00	<p><b>Group work on capacity development plan and linkage to Skills Vision 2020:</b></p> <p>Priority setting</p> <p>Elaboration of specific measures</p> <p>(The groups will be facilitated by ETF experts)</p>
13:00 – 13:45	Lunch
13:45 – 15:30	<p><b>Continued group work on capacity development plan and linkage to Skills Vision 2020</b></p> <p>Coffee to be served in the Working groups rooms</p>
15:30 – 16:30	<p><b>Presentations from groups</b></p> <p>Selected Group Rapporteurs</p> <p>Joint discussion and agreement of shared capacity development plan</p> <p>Plenum discussion moderated by Ivana Sucur, Head of Department for programming and implementation of EU funds, Ministry of Labour and Social Welfare</p> <p><b>Conclusions and agreement of next steps for the RIA finalisation</b></p>

## Annex 3: HRD Governance matrix

The roles that institutions and/or actors may be included in the HRD policy cycle:

- (i) Initiator
- (sta) Strategic actor
- (d) Decision maker or co-decision maker
- (ms) Manages administration of systems
- (c) Consultative role/ consultee/Advisor
- (a) Acts on instructions/implements decisions
- (e) Evaluator or assessor
- (f) Funder or co-funder
- (sp) Officially recognised social partner
- (p) Partner (others) is generic, but may be useful (please specify type of partnership/role)

Table 11: HRD Governance matrix						
		Legal basis yes/no	Governance level			
			National	Intermediate (regional/local etc)	Sectoral	Providers
Policy functions	Vision building/agenda setting	Yes	Ministry of education (Policy making) <b>D</b> Ministry of science (Policy making) <b>D</b> Ministry of labour and social welfare (Policy making) <b>D</b> Ministry of economy, (Policy making) <b>D</b> National Council for general Education National Council for Higher Education (Policy making) <b>C,D</b> National Council for Improvement of Business Environment, regulatory and Structural Reforms (Policy making) <b>D,C</b> Council for Science and Research Activities (Policy making) <b>C</b> Parliamentary Committee for Education, Science, Culture and Sports (law making and oversight) Council for Vocational Education Council for Adult Education	Bureau of Educational Service  Centre for Vocational Education Examination Centre  Textbooks and Teaching Aid Office  Chamber of Commerce (Stakeholder) <b>I,P</b>	Ministry of Finance (Policy Making and delivery) <b>D</b>  National Employment Agency (Stakeholder) <b>D,C</b>  Chamber of Commerce (Stakeholder) <b>C,I,P</b>  Union of Employers <b>I,C, P</b>  Trade Unions (Social partner) <b>I,C, P</b>  Sectorial Commissions <b>C</b> Universities (Provider) <b>D, I, A</b>	Local NEA offices <b>A</b> Schools <b>A</b> Secondary schools <b>A</b> HE institutions <b>A</b> VET schools <b>A</b> Adult education institutions <b>A</b> NGO's <b>A, I</b> Agencies for employment <b>A</b> Different kind of centres in LLL <b>A</b> Employers <b>A,I, D</b> Union of Employers Chamber of Commerce <b>A, D I</b>

	Strategy Development	Yes	<p>Ministry of education (Policy making) <b>D</b>  Ministry of science (Policy making) <b>D</b>  Ministry of labour and social welfare (Policy making) <b>D</b>  Ministry of economy, (Policy making) <b>D</b></p>		<p>Ministry of Finance (Policy Making and delivery) <b>D</b>  National Employment Agency (Stakeholder) <b>D,C</b>  Chamber of Commerce (Stakeholder) <b>C,I,P</b>  Union of Employers <b>I,C, P</b>  Trade Unions (Social partner) <b>I,C, P</b>  Donors <b>C, P</b></p>	<p>Local NEA offices <b>A</b>  Schools <b>A</b>  Secondary schools <b>A</b>  HE institutions <b>A</b>  VET schools <b>A</b>  Adult education institutions <b>A</b>  NGO's <b>A, I</b>  Agencies for employment <b>A</b>  Different kind of centres in LLL <b>A</b>  Employers <b>A,I, D</b>  Union of Employers  Chamber of Commerce <b>A, D I</b></p>
	Demand side analysis	yes/no	<p>National Employment Agency (Stakeholders and Policy delivery)<b>D, A</b>  National Statistical Office - MONSTAT(Stakeholder) <b>C</b>  Chamber of Commerce (Stakeholder) <b>C,I,P</b>  Union of Employers <b>D</b>  Sectorial Commissions  Employers and companies (HRD sectors)</p>	Local NEA offices <b>A</b>	<p>Ministry of Finance (Policy Making and delivery) <b>D</b>  Trade Unions (Social partner) <b>I,C, P</b>  Union of Employers  Think tanks and institutes <b>C</b>  NGO's <b>C</b></p>	<p>Local NEA <b>A</b>  Employers <b>A, D</b>  Companies <b>A,D</b>  NEA <b>A, D</b></p>
	Supply side analysis	yes	<p>Ministry of education (Policy making) <b>D</b>  Ministry of science (Policy making) <b>D</b>  National Employment Agency (Stakeholders and Policy delivery)<b>D, A</b>  Ministry of labour and social welfare (Policy making) <b>D</b>  National Council for general Education  National Council for Higher Education (Policy making) <b>C,D</b>  National Council for Improvement of Business Environment, regulatory and Structural Reforms (Policy making) <b>D,C</b>  Council for Science and Research Activities (Policy making) <b>C</b>  Council for Vocational Education  Council for Adult Education</p>		<p>Ministry of economy (Policy making) <b>D</b>  Ministry of Finance (Policy Making and delivery) <b>D</b>  Trade Unions (Social partner) <b>I,C, P</b></p>	<p>Local NEA offices <b>A</b>  Schools <b>A</b>  Secondary schools <b>A</b>  HE institutions <b>A</b>  VET schools <b>A</b>  Adult education institutions <b>A</b>  NGO's <b>A, I</b>  Agencies for employment <b>A</b>  Different kind of centres in LLL <b>A</b>  Employers <b>A,I, D</b>  Union of Employers  Chamber of Commerce <b>A, D I</b></p>
	Needs forecasting	yes/no	<p>Ministry of education (Policy making) <b>D</b>  Ministry of science (Policy making) <b>D</b></p>		<p>Ministry of economy (Policy making) <b>D</b>  Ministry of Finance (Policy Making and</p>	<p>NEA <b>A</b>  Companies <b>A</b></p>



		<p>Ministry of labour and social welfare (Policy making) <b>D</b></p> <p>National Council for general Education National Council for Higher Education (Policy making) <b>C,D</b> National Council for Improvement of Business Environment, regulatory and Structural Reforms (Policy making) <b>D,C</b> Council for Science and Research Activities (Policy making) <b>C</b> National Employment Agency (Stakeholders and Policy delivery)D, A Council for Vocational Education Council for Adult Education</p>		<p>delivery) <b>D</b> Local NEA offices A Union of employers (Social partner)E C</p>	
Quality assurance and Monitoring	no	<p>Ministry of education (Policy making) <b>D</b> Ministry of science (Policy making) <b>D</b> Ministry of labour and social welfare (Policy making) <b>D</b> National Council for General Education National Council for Higher Education (Policy making) <b>C,D</b> National Council for Improvement of Business Environment, regulatory and Structural Reforms (Policy making) <b>D,C</b> Council for Science and Research Activities (Policy making) <b>C</b> Council for Vocational Education Council for Adult Education</p>			<p>Donors Bureau of Educational Service Centre for Vocational Education Examination Centre Textbooks and Teaching Aid Office <b>C</b> National Employment Agency (Stakeholders and Policy delivery)D, A</p>
Finance	Yes	<p>Ministry of education (Policy making) <b>D</b> Ministry of science (Policy making) <b>D</b> Ministry of labour and social welfare (Policy making) <b>D</b> Ministry of finance, (Policy making) <b>C, D</b> Ministry of economy (Policy making) <b>D</b> Private funds/companies <b>D</b> Donors <b>D</b></p>			<p>Official finance mechanisms</p>

	<p><b>Evaluation</b></p>	<p><b>No</b></p>	<p>Ministry of education (Policy making) <b>D</b>  Ministry of science (Policy making) <b>D</b>  Ministry of labour and social welfare (Policy making) <b>D</b>  Ministry of finance, (Policy making) <b>C, D</b>  Ministry of economy (Policy making) <b>D</b>  National Council for General Education  National Council for Higher Education (Policy making) <b>C,D</b>  National Council for Improvement of Business Environment, regulatory and Structural Reforms (Policy making) <b>D,C</b>  Council for Science and Research Activities (Policy making) <b>C</b></p> <p>Council for Vocational Education</p> <p>Council for Adult Education  Private funds/companies <b>D</b>  Donors <b>C</b></p>			<p>Ministry of education (Policy making) <b>D</b></p> <p>Ministry of science (Policy making) <b>D</b></p> <p>Ministry of labour and social welfare (Policy making) <b>D</b></p> <p>Ministry of finance, (Policy making) <b>C, D</b></p> <p>School authorities <b>A</b></p>
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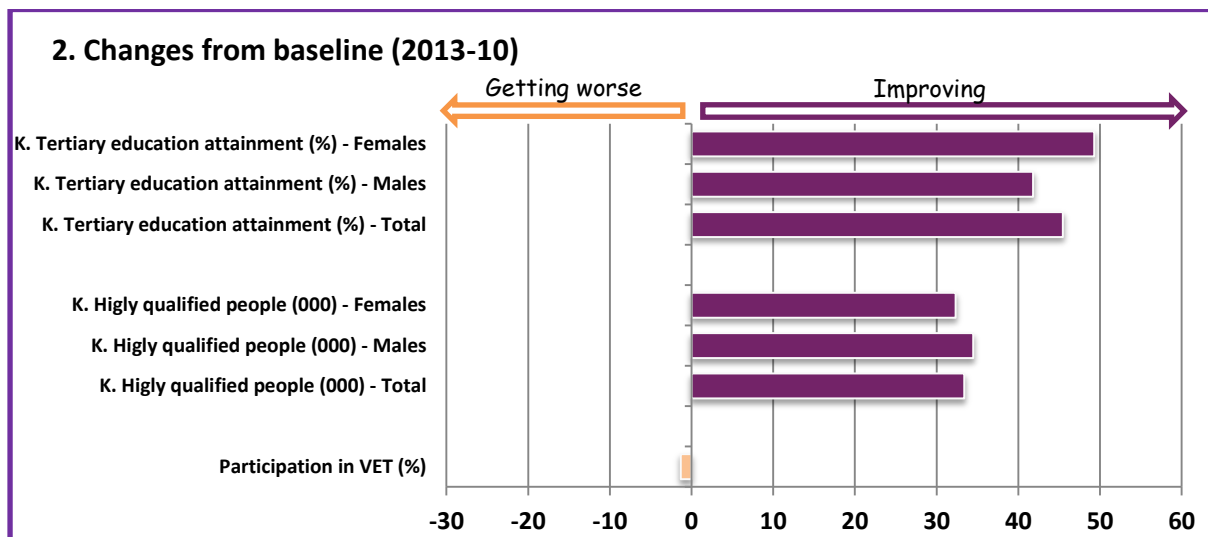
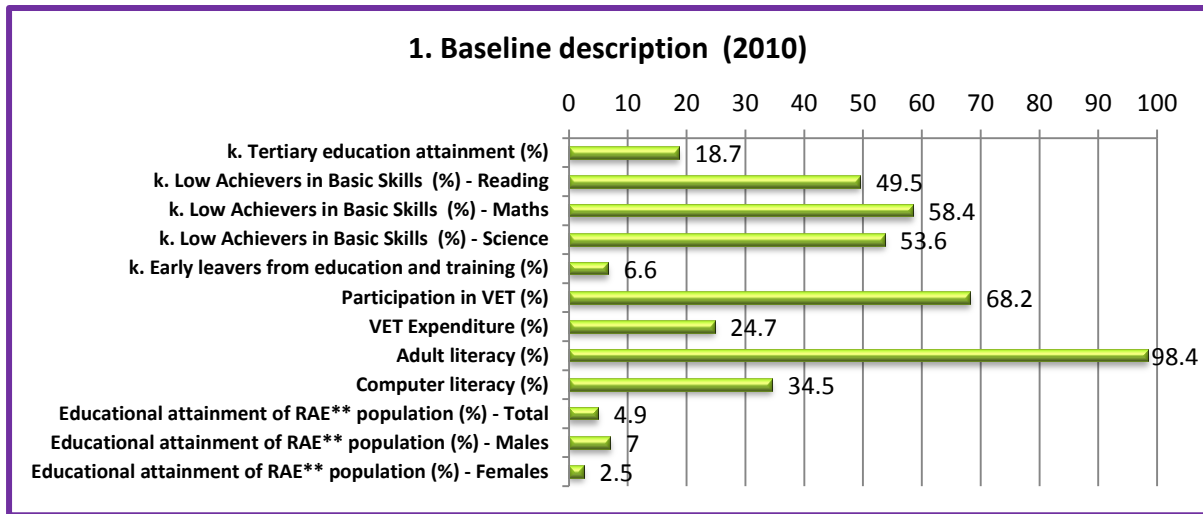
## Annex 4: Scoring tables – results of qualitative questions

<b>Table 12: Scoring – Summary</b>				
<b>Institutions leading budget planning in HRD sector</b>				
<b>Interview</b>	<b>Int. 12</b>	<b>Int. 22</b>	<b>Int. 25</b>	<b>Average</b>
<b>I. General questions</b>				
How do you perceive the importance of the following conditions for your institution to be able to carry its tasks regarding budget planning in HRD (1 = hardly relevant, 2 = some relevance, 3 = relevant, 4 = highly relevant)				
Number of staff	3	4	3	3.333333
Qualification of staff	4	4	4	4
Coordination with other institutions	4	3	4	3.666667
Organisational setting	3	3	4	3.333333
Legal basis	3	4	3	3.333333
Financial resources	4	3	4	3.666667
<b>II Questions relating to the agreed Skills Vision 2020</b>				
The following questions to be posed if Skills Vision is formulated at the stage of implementation of the interview.				
<b>III. Specific questions</b>				
<b>1. Stakeholder engagement and coordination</b>				
<i>Assessment focus: cross-cutting issue on capacity to engage stakeholders</i>				
Is there a process of consultation for budget formulation? 1 = very poor, 2 = poor, 3 = good, 4 = very good				
With Government Agencies and Ministries	4	3	4	3.666667
With the Civil Society	4	3	4	3.666667
<b>2. Financial planning and budget design</b>				
<i>Assessment focus: existence and relevance of structuring frameworks for the HRD policy budgeting</i>				
Are objectives of existing HRD policies defined clearly enough for costing purposes? (possible to add an explanation) 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	3	3	3
Are the expected outputs/results identified? Are they translated into annual targets? (possible to add an explanation) 1 = very poor, 2 = poor, 3 = good, 4 = very good	1	2	3	2
Are action plans to achieve the objectives, including detailed activities, elaborated? (possible to add an explanation) 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	3	3	3
Is the cost of these activities estimated to feed into annual and/or mid term budgets? 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	2	3	2.666667
Is the HRD planning consistent with the budget cycle for timely budget request by the implementing agencies (compatible time frames)? 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	2	3	2.666667
Is the budget ceiling communicated in advance to HRD departments for realistic planning? (possible to add an explanation) 1 = very poor, 2 = poor, 3 = good, 4 = very good	4	2	3	3

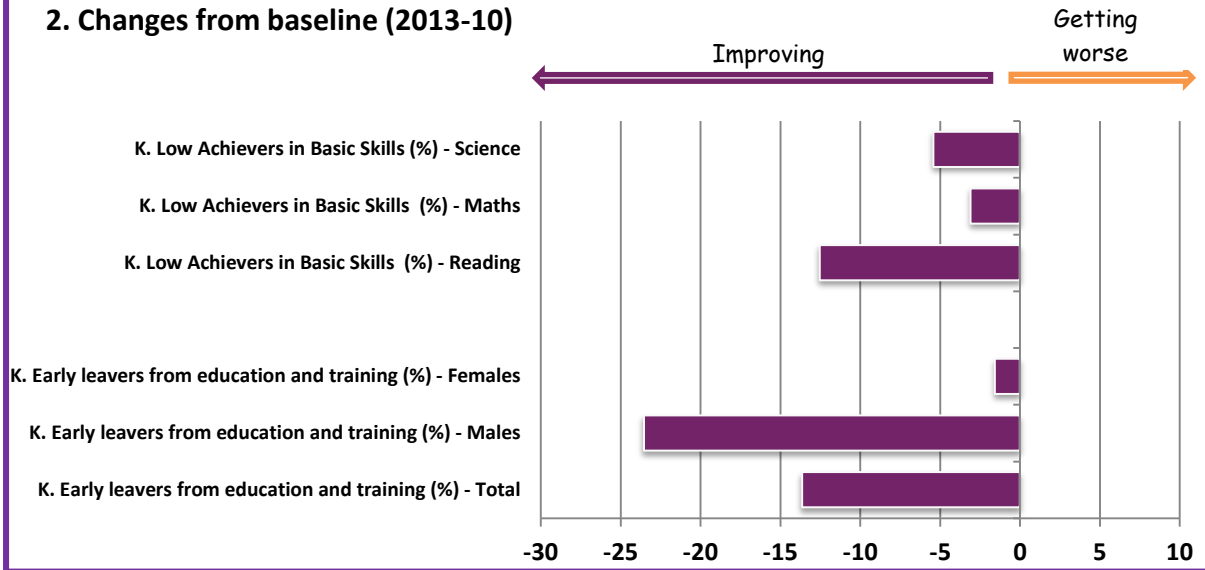
<b>3. Review of capacity for budget execution in relation with policy delivery</b>				
<i>Assessment focus: applying the planned expenditure budget and structure</i>				
Is the budget implemented in a timely manner and according to the agreed budget lines in the HRD sector? (according to the Budget Law) 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	2	3	2.666667
Are resources allocated according to well-defined expected outputs? 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	2	3	2.666667
Are the allocated resources fully utilised (i.e. sufficient capacity spent) and if not, what are the impediments to budget execution? 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	3	3	3
Is the budget spent according to the planned objectives and priorities? 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	4	4	3.666667
<b>4. Monitoring, evaluation, reporting and learning</b>				
<i>Assessment focus: monitoring and evaluation mechanisms related to budget execution in place</i>				
To what extent are the results of the financial evaluations used for improvement and by whom? 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	3	3	3
How is the budget performance information used in relation to new policy design and strategy formulation? 1 = very poor, 2 = poor, 3 = good, 4 = very good	3	3	4	3.333333
<b>IV. General comments</b>				

## Annex 5. Monitoring graphs

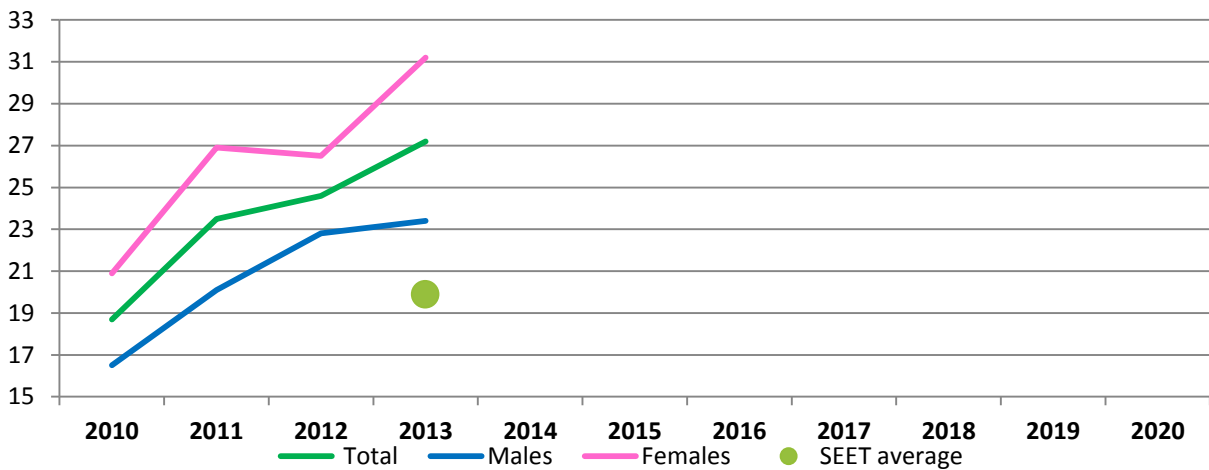
Policy Area 1: Improving education and training system (raising skills levels, acquisition of key competencies, prevent early school leaving, etc)



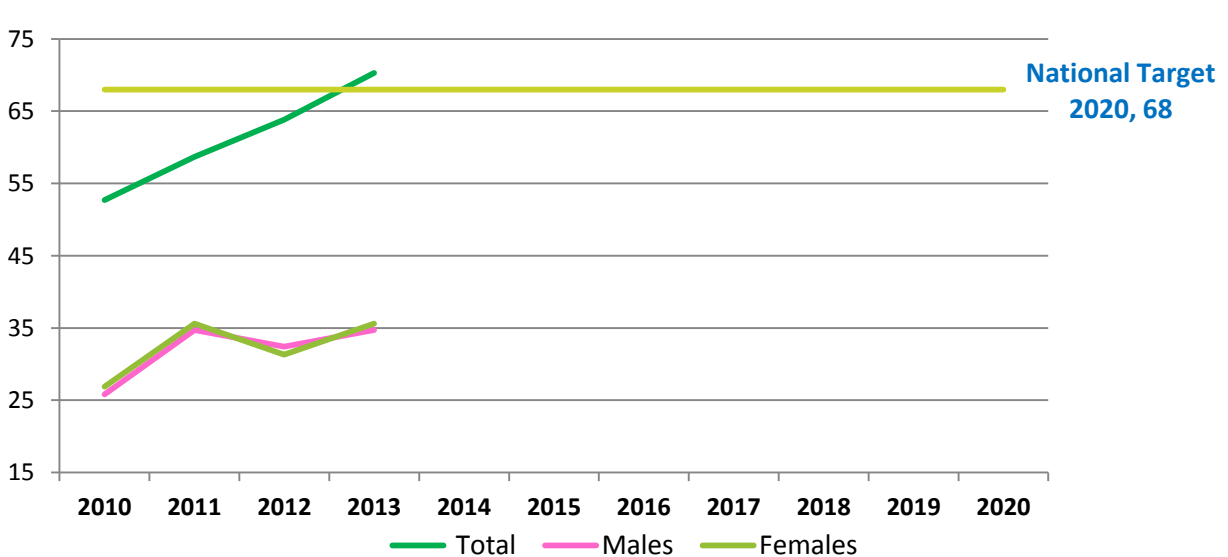
## 2. Changes from baseline (2013-10)



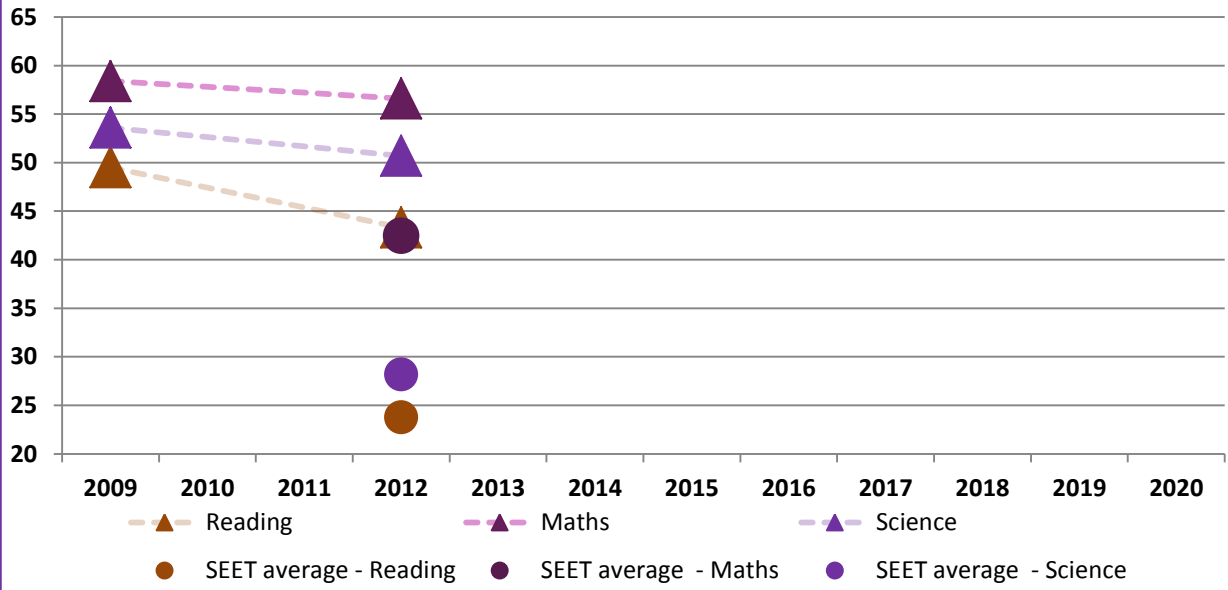
## 3. Tertiary Educational Attainment (%)



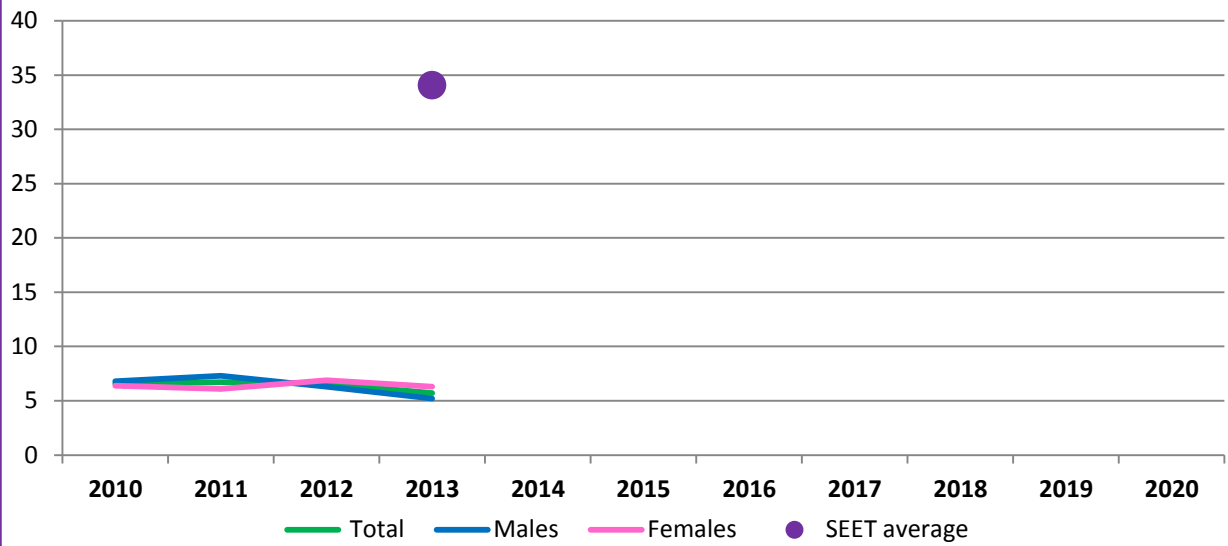
## 3. Highly qualified people (000)

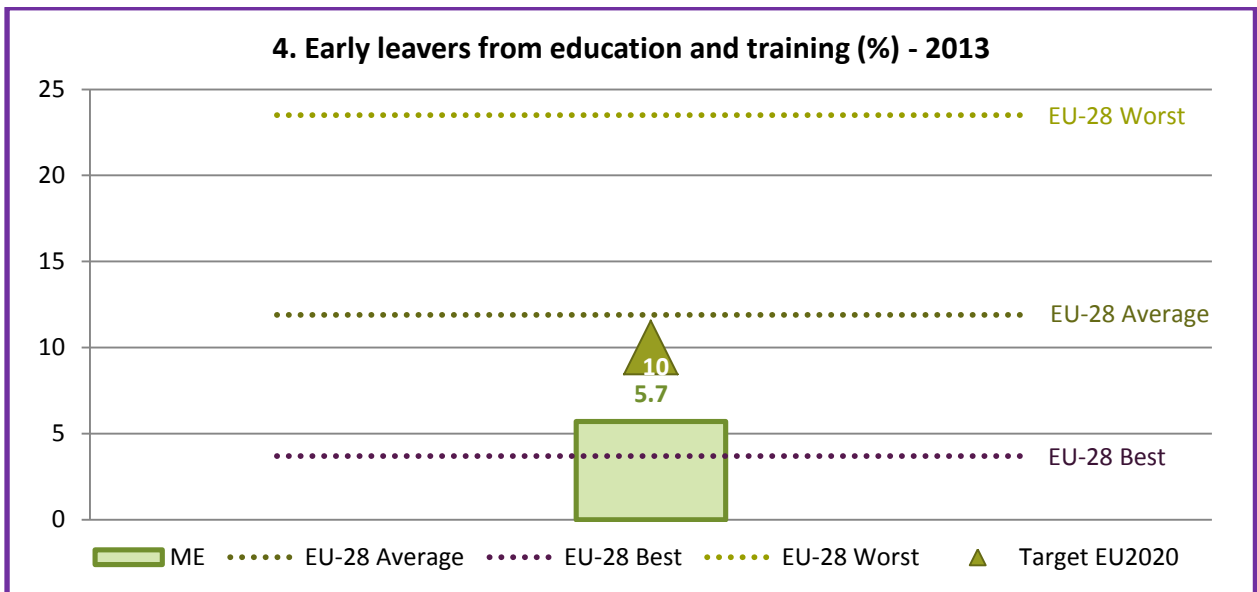
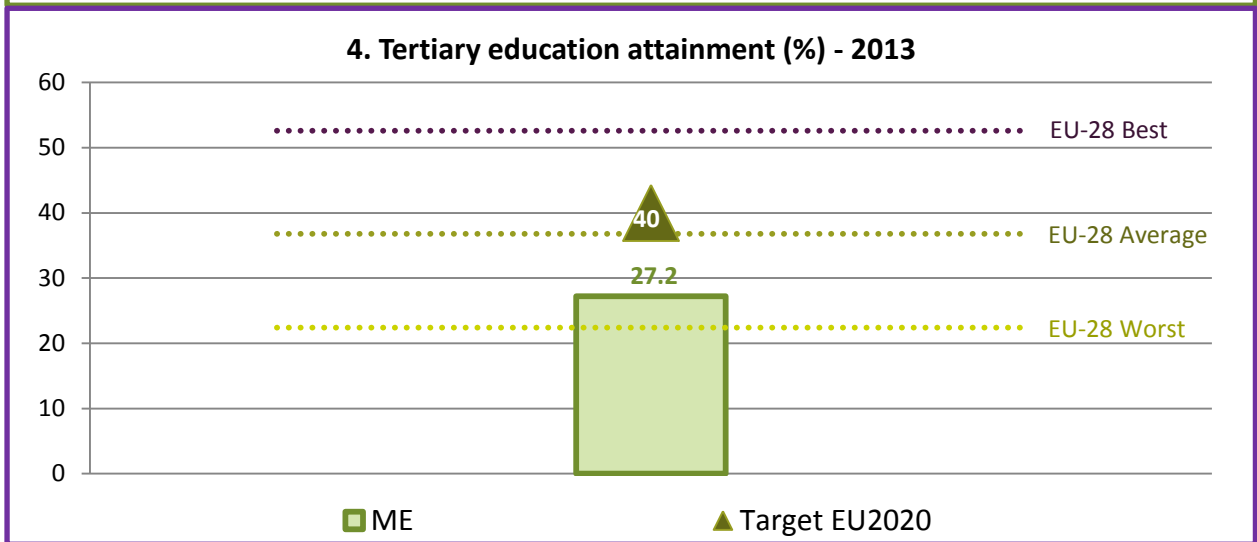
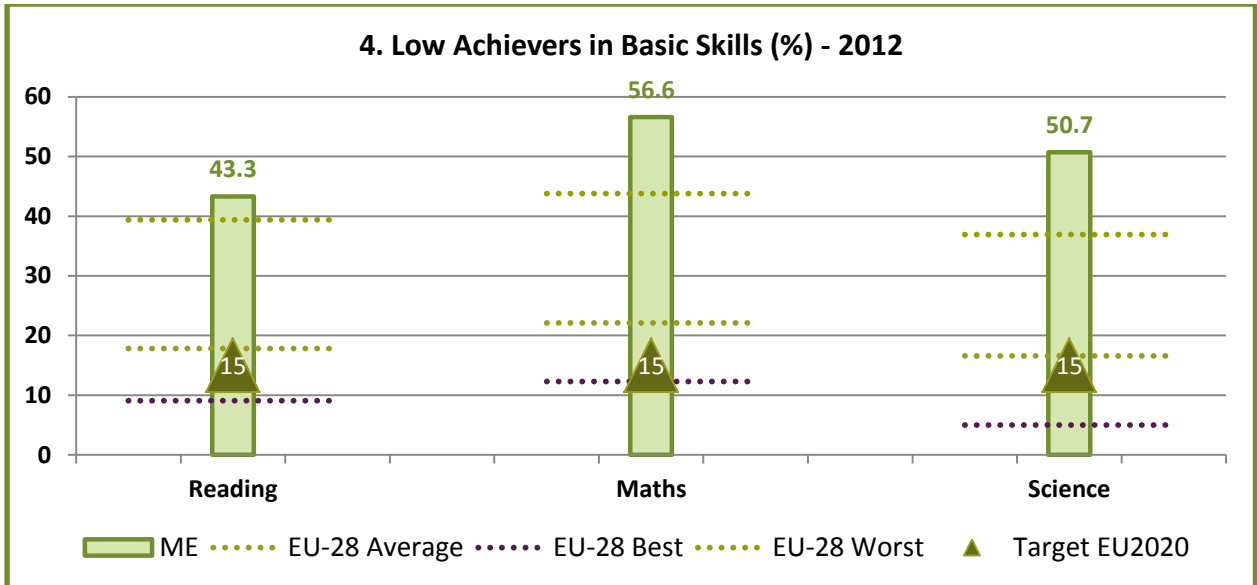


### 3. Low Achievers in Basic Skills (%)

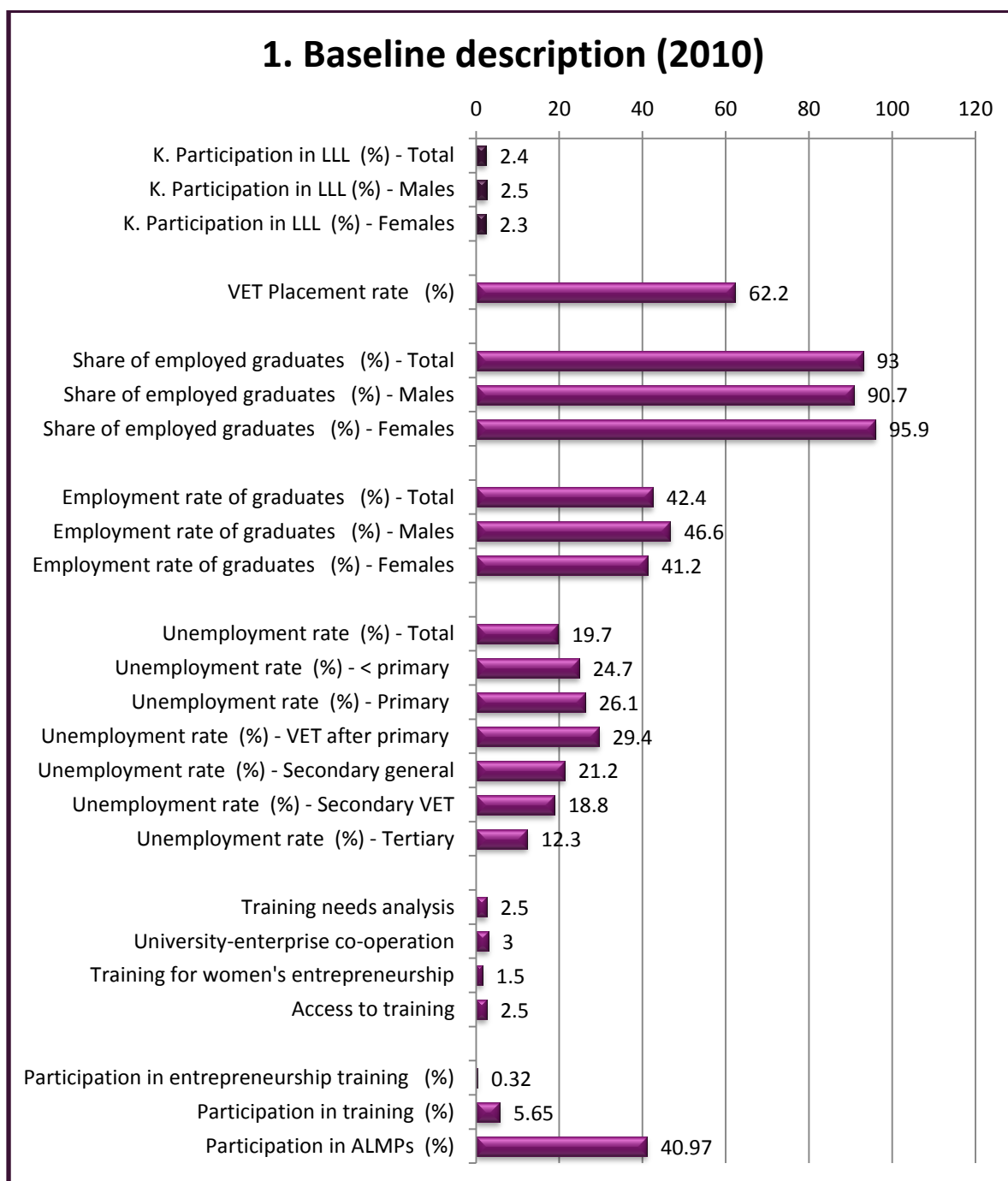


### 3. Early leavers from education and training (%)

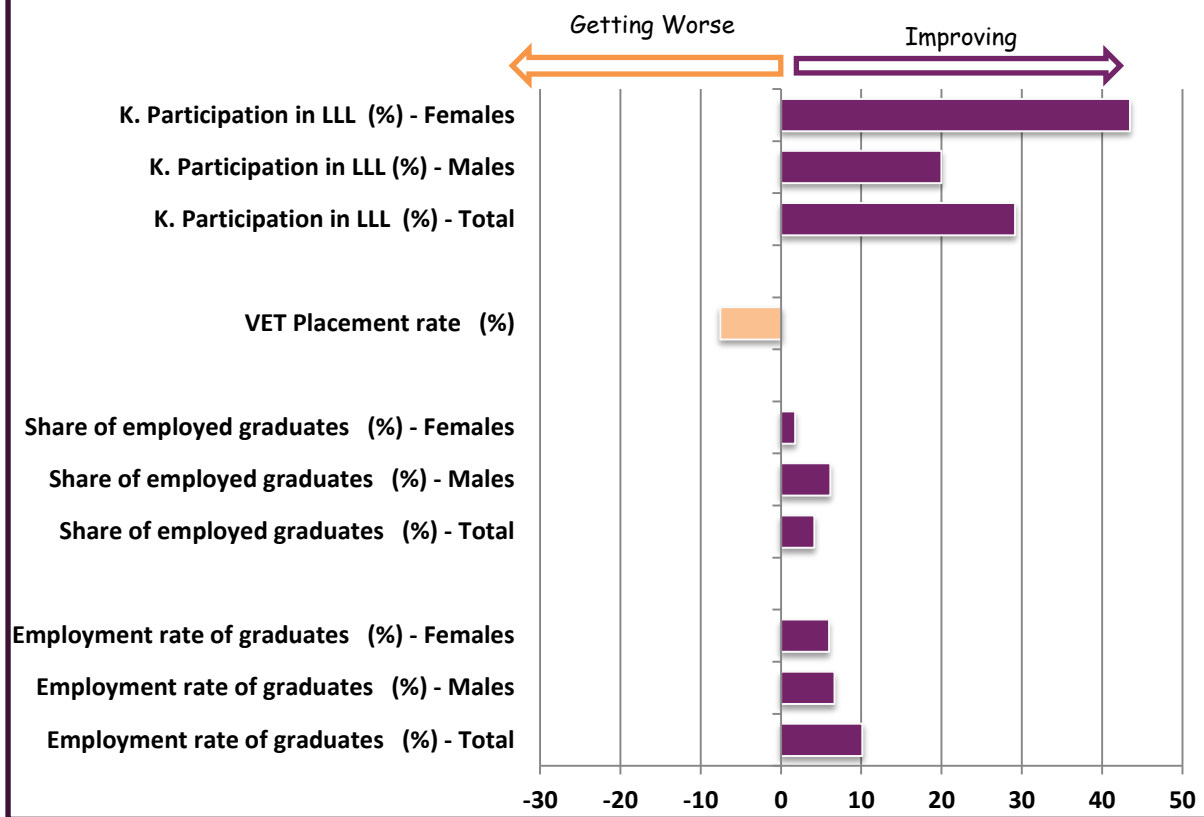




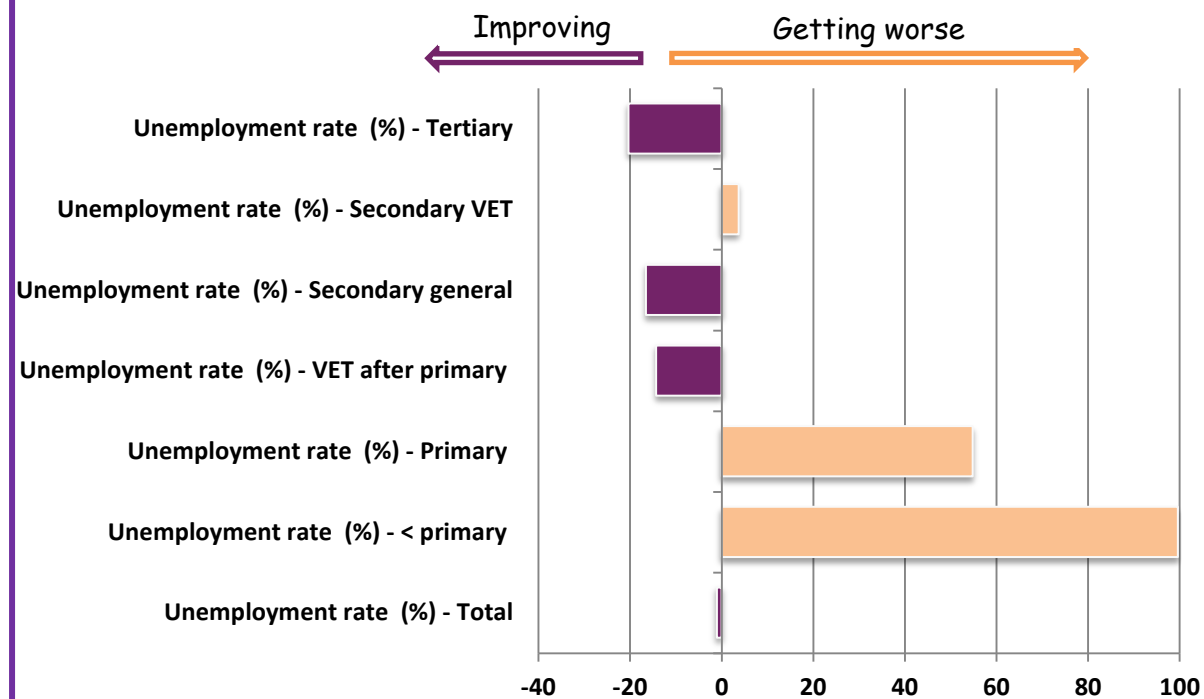


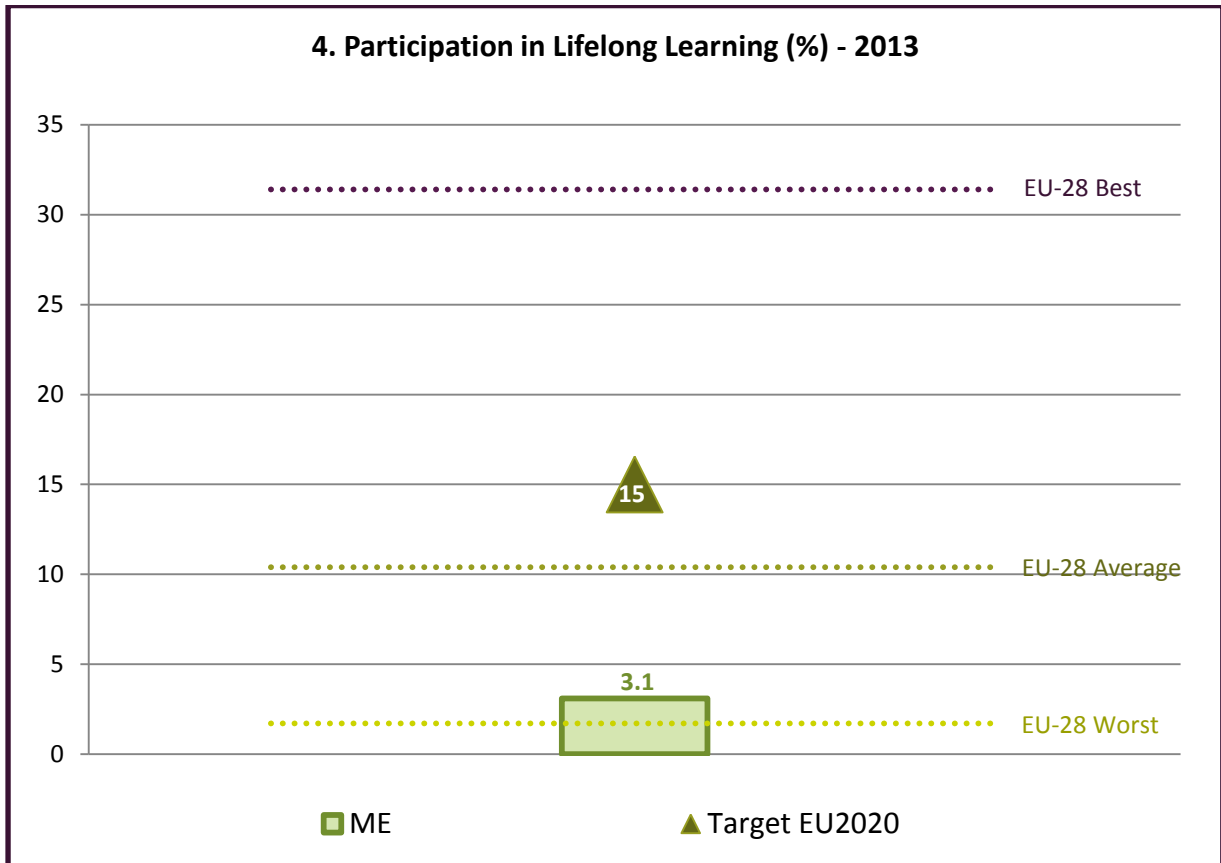
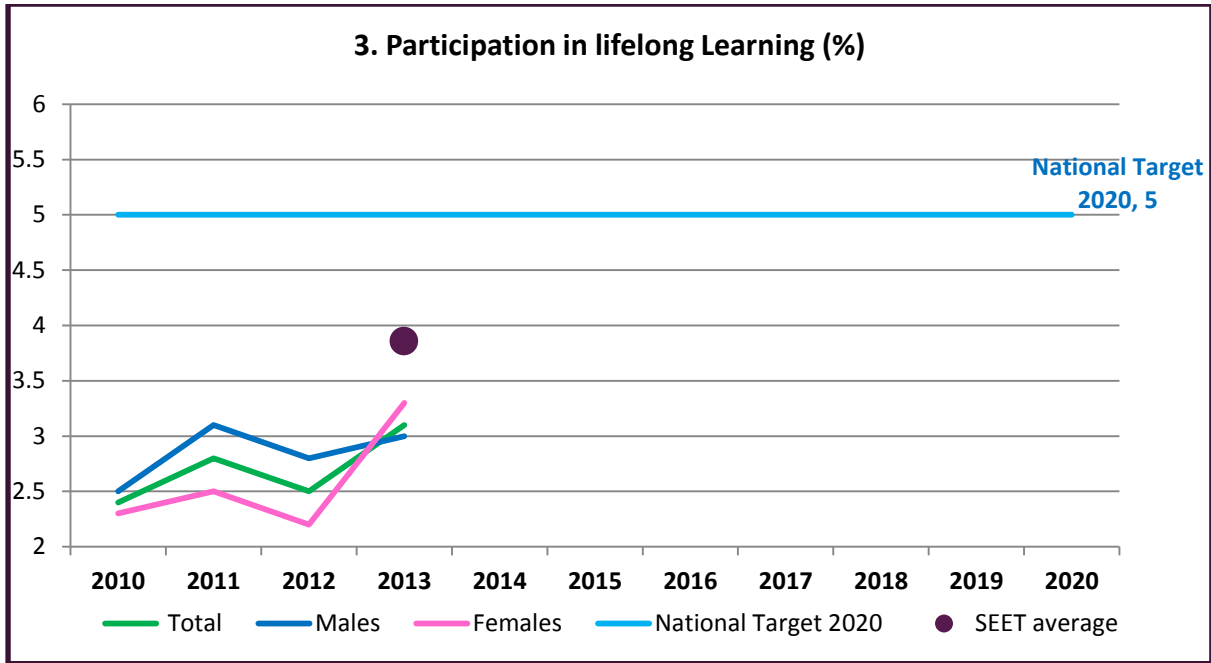


## 2. Changes from baseline (2013-10)

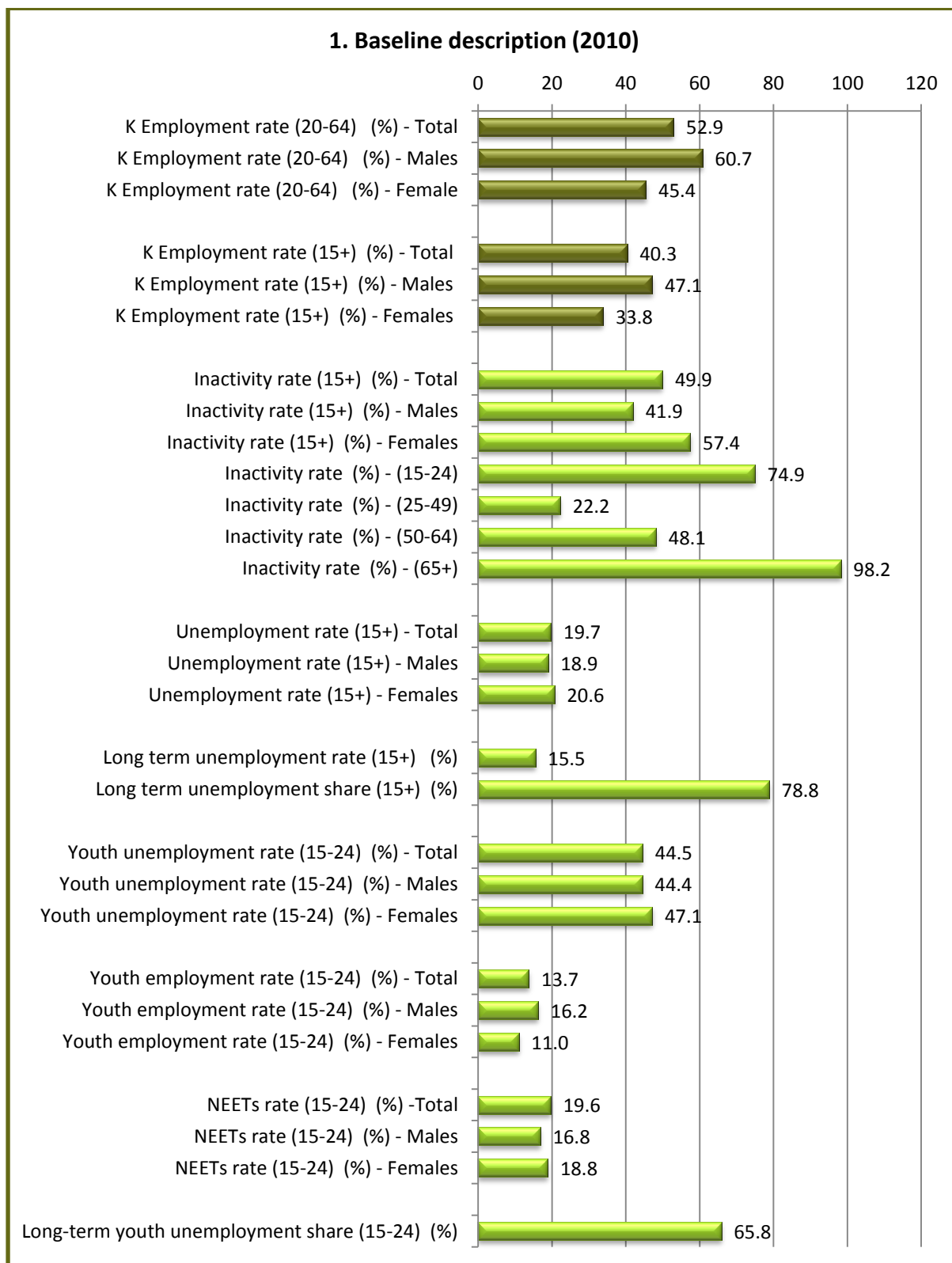


## 2. Changes from baseline (2013-10)

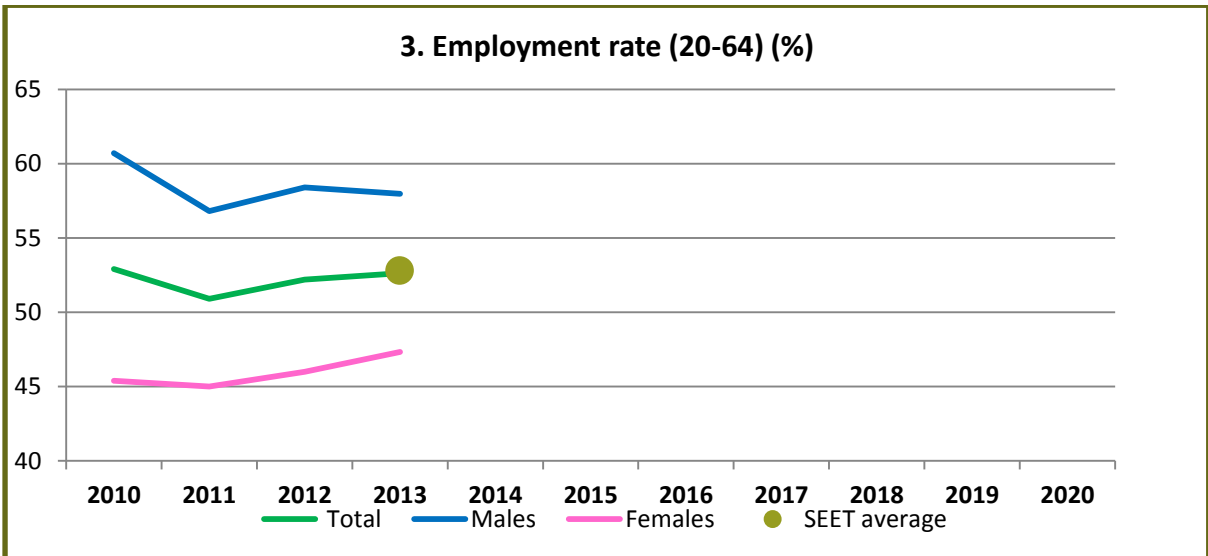
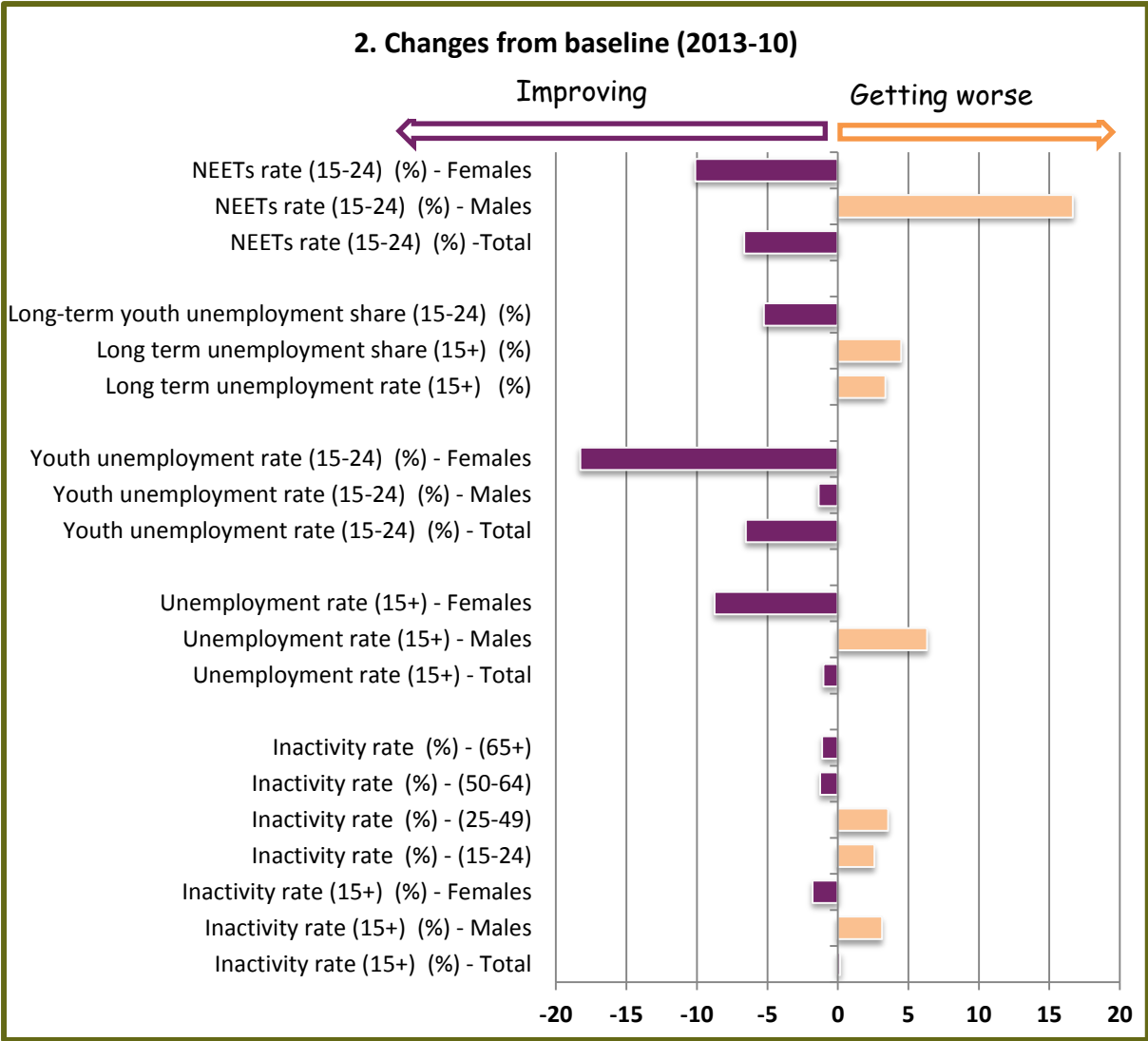


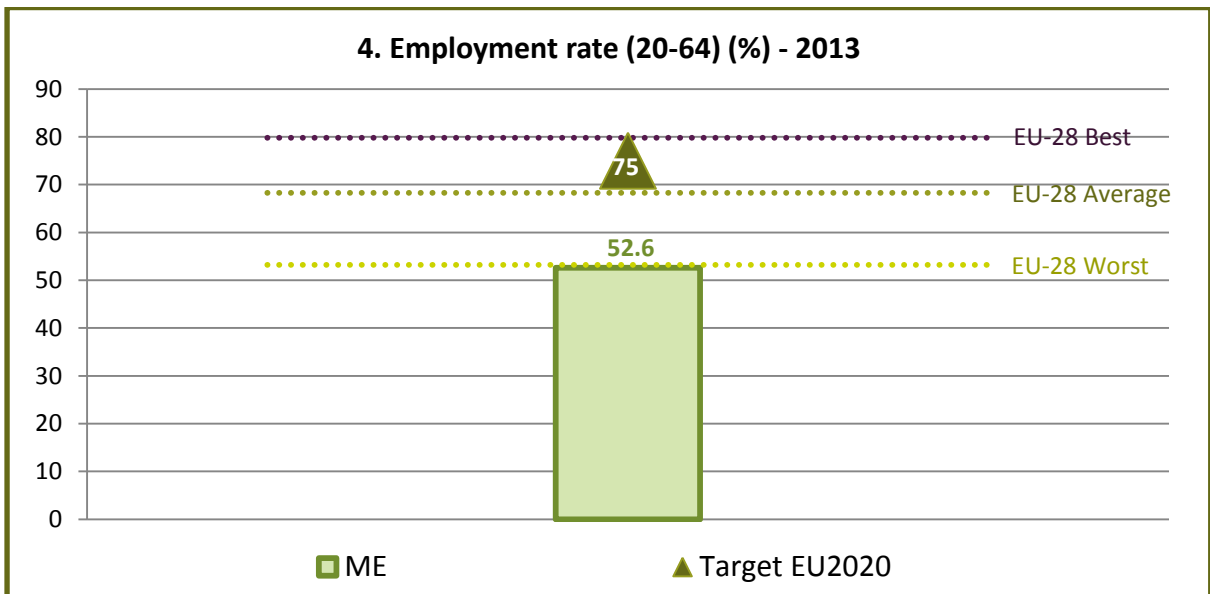
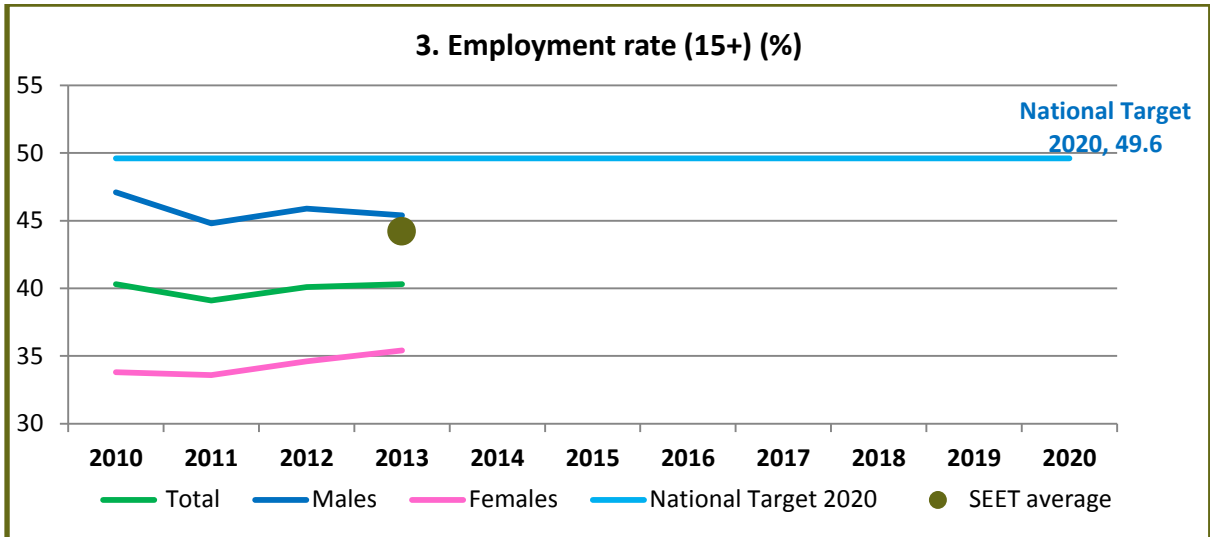


Policy Area 3: Increase Labour Market Participation (employment, unemployment, labour market participation of specific groups, etc.)



### 2. Changes from baseline (2013-10)





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