

MONTENEGRO

**EDUCATION, TRAINING AND EMPLOYMENT
DEVELOPMENTS 2021**

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KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

Since 2020, Montenegro has had a new government, with major restructuring still ongoing in 2021. As a candidate country, Montenegro has made efforts towards reaching European standards, although the progress of reforms has slowed. Both the ERP assessment and the EC Annual Enlargement Package 2021 point to this. On 6 October 2021 at the EU-Western Balkans (WB) Leaders' Summit, the Enlargement Agenda was reconfirmed, however no dates for accession were confirmed. Like all economies in the region, Montenegro can benefit from the EU Economic and Investment Plan¹ in response to COVID-19, as well as the twin green and digital transitions. The financing instrument for initiatives at country and regional level is IPA III for the period 2021 to 2027. Reinforced donor cooperation and involvement of international financial institutions (IFIs) and UN institutions are an important feature of the planning process.

On 6 October 2021, the Government endorsed the Western Balkans Agenda for Innovation, Research, Education, Youth, Culture and Sport. In the area of research, the Commission is finalising its negotiations with Montenegro for association to Horizon Europe. [The Ministry of Education, Science, Culture and Sports](#) has demonstrated continued commitment to VET reforms. Montenegro has signed the Osnabrück Declaration² and the European Council Recommendation on VET for sustainable competitiveness, social fairness, and resilience to push ahead with reforms. This includes participation in the piloting of the EU SELFIE WBL³ tool to assess the readiness of schools and companies for digital teaching and learning. In July 2021, the Montenegrin Government also signed up for the implementation of the Youth Guarantee flagship scheme included in the EU Economic and Investment Plan for the Western Balkans. A new [Erasmus+](#) office is expected to be operational in 2022. In the area of education, training and employment, the Commission has called upon the Government of Montenegro to continue with reforms and inter-ministerial dialogue.

Regarding regional policy dialogue, Montenegro has remained an active partner in the framework of the Berlin Process and the Common Regional Market. In October 2021, Montenegro hosted the Western Balkans Digital Summit as part of the [Digital Agenda for the Western Balkans](#). Montenegro is member of the Steering Committee for Digital Skills Strategies managed by the Regional Cooperation Council (RCC). The Montenegrin Government is also participating in all the initiatives of the RCC, such as the WB network for negotiations of Chapters 2 and 19 of the EU Treaty, and the review of the effectiveness of active labour market measures. The Ministry of Education, Science, Culture and Sports and the VET Centre have been actively contributing to the regional activities of [ERISEE^{\[5\]}](#) in teacher training and qualification development for many years. Montenegro is the first country in the region with a smart specialisation strategy; linked to this is the Innovation Fund that was established in September 2021.

Montenegro has been highly affected by COVID-19, partly due to its heavy reliance on the tourism sector. In 2021, due to COVID-19, Montenegro, like most EU Member States, has seen several lockdowns. Unemployment went up and companies received immediate support from the Government to survive. In the education sector, the Ministry, in cooperation with UNICEF, continued to focus on developing solutions for students, parents and teachers through home schooling. At the same time,

¹ [An Economic and Investment Plan for the Western Balkans \(europa.eu\)](#)

² [Osnabrück Declaration on vocational education and training, EC Council Recommendation on vocational education and training](#)

³ [SELFIE for work-based learning \(WBL\): End of successful pilot phase and preparations for full roll-out - Employment, Social Affairs & Inclusion - European Commission \(europa.eu\)](#)

the learning platform <http://www.ucidoma.me> was deployed. In 2021, the online enrolment system, which was set up in response to COVID-19 needs, has become mainstream. In June 2021, the Ministry of Education, Science, Culture and Sports declared a clear preference for in-school teaching, while pushing ahead with the digital education strategy.

The EU continues to be the major donor to Montenegro. In 2021, the focus of IPA II support has been put on health, food, and SME survival. The IPA II education and labour market component of SOPES (2015-2017) has been partly concluded. IPA III planning is under way, albeit without funding for education and training in 2021 and 2022. The education sector review, with the support of UNICEF, will be complete in spring 2022 and is expected to inform the IPA III and 2023 planning.

The Sub-Committee on human capital development (HCD) regarding Chapters 19 (social policy and employment), 25 (science and research) and 26 (education and culture) took place on 8 October 2021 and documented delays in reforms, while also acknowledging progress and commitment, such as in VET and research. This includes the implementation of the dual education system that has continued to be a government priority, as well as the implementation of EU tools such as SELFIE, the institutionalisation of the Entrepreneurial Learning Partnership and the development of the Innovation Strategy 2021-2024.

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

▪ Political developments and health situation

On 4 December 2020 a new Government was sworn in, which changed the political landscape after 30 years of Milo Đukanović and his party governing Montenegro. A major restructuring of ministries followed, and a reshuffle is ongoing. There are many new people in leading positions. This applies also to school directors, who have been replaced temporarily. The situation remains unsettled, while there are several pressing challenges. The Ministry for Education was merged with the previous Ministries for Science, Culture and Sports. Labour Ministry functions were integrated into the new Ministries of Finance and Social Welfare and of Economic Development. The new Government re-confirmed its commitment to the EU accession process and the enlargement agenda. However, the European Commission's (EC) Enlargement Assessment Report 2021⁴ showed that reforms had slowed down, which is also due to the COVID-19 crisis.

In 2020, the EC redirected IPA II funding to address the COVID-19 health crisis. After the peak periods from November 2020 to May 2021, the COVID-19 infection incidence dropped, but increased again after the summer, probably because of the busy tourist season. In September 2021, Montenegro once again had some of the highest numbers of daily coronavirus cases per million inhabitants among countries in the region. 40.1% of its population is fully vaccinated as of 15 November 2021.

▪ Demographics

Montenegro is one of the smallest Western Balkan countries in terms of area and population, with a total of 621 700 inhabitants in 2020 (MONSTAT, 2020⁵).

Like other countries in the region, Montenegro faces both internal and external migration flows. People move primarily from the northern region towards the central and southern parts of the country (and from rural to urban areas), causing depopulation in northern municipalities. Outward migration is mainly directed towards EU Member States. Towards the end of the 2010s, Germany, Croatia and Slovenia had issued most residence permits to Montenegrin citizens (ETF, 2021)⁶.

▪ Economic developments, informal economy, remittances

The Montenegrin economy was hit hard by the COVID-19 crisis. The country is estimated to take some 15-20 months to reach pre-crisis growth levels (World Bank, 2021⁷). GDP increased by 4.1% in 2019, dropped by 15.2% in 2020, and is estimated to grow again by 7.1% in 2021.

State debt rate reached 108.8% of GDP in 2020, compared to 78.8% in 2019. This is primarily linked with the first instalment paid of the (much debated) USD 944 million loan taken out from China in 2014 to build a highway from the Adriatic port of Bar north to the border with Serbia.

Montenegro has received EU grant financing from the EC, as well as IMF loans for health and socio-economic recovery measures. Montenegro is heavily dependent on the tourism industry, which

⁴ European Commission Report on Montenegro, 19 October 2021.

⁵ MONSTAT Data 2020.

⁶ ETF, 'How Migration, Human Capital and Labour Markets Interact in Montenegro', 2021.

⁷ World Bank 2021, SEE 2020 Economic Outlook.

contributes an average 22% to GDP. In 2020 it came to a near standstill, with 80% less tourism. In summer 2021, tourism picked up again with limited security measures.

The Doing Business Report (World Bank, 2020)⁸ ranked Montenegro in 50th position out of 140 countries. Despite some progress, challenges remain, for example, in Montenegro's innovation ecosystem and its integration in international production processes and value chains. This is reflected in a 'poor export performance of local companies and limited production of higher value-added products. The level of digitisation also remains low. A recent study by the EU's Joint Research Centre (JRC, 2021)⁹¹⁰ on value chains in the region has identified the agri-food, energy, IT, tourism, and textile sectors as priority economic sectors. In addition, the Foresight Study 2035 by the EC's Directorate-General for Research and Innovation (DG RI, 2021) suggested some scenarios as input for further reforms.

In 2019, Montenegro became the first country in the region to have a Smart Specialisation strategy approved by the European Commission. Montenegro, together with the ETF, investigated further into skills needs of the energy and health sectors¹¹. Strategy implementation started in May 2021. The UNDP helped explore future economic opportunities and develop capacities. A Council for Innovation and Smart Specialisation was established in June 2021, and linked to this, an Innovation Fund was established in September 2021. Like in Serbia and North Macedonia, the Innovation Fund provides grants for up to EUR 150 000 for SMEs in green and digital sectors. In September 2021 the Government also approved an Innovation Strategy 2021-2024, with a focus on new start-ups and those in early development, clusters, and digital solutions in specific sectors.

In the period 2021-2027, Montenegro will benefit from the EU's Western Balkans Economic and Investment Plan and the EU's IPA III financial instrument, in support of the objective of moving towards a digital and greener economy. The EIP mirrors the EU Recovery and Resilience Facility and requests investment in human capital, with a focus on a competitive private sector. The European Bank for Restructuring and Development's country strategy for Montenegro (EBRD, September 2021) emphasises private sector competitiveness, green economic transition, and regional integration. Furthermore, by the end of 2021 the EC plans to finalise the Agreement with the Montenegrin government on the association to the EU's 'HORIZON Europe' research programme. The results of evaluating Montenegro's previous Research Strategy¹² have just been published by the Government of Montenegro.

The extent of the informal economy in Montenegro, at around 30% of GDP, remains high and among the largest in the region. Wage-subsidy measures in response to the pandemic have prompted employers to formalise employment to some extent. However, disincentives for formalisation remain.

Households greatly depend on remittances, which present one of the most important sources of income. Family reunification is among the main reasons for inducing Montenegrin citizens to migrate. Remittances amounted to 11% of GDP in 2020 (World Bank, 2020) and are among the highest in the region, although they dropped due to COVID-19 restrictions (see table below)¹³.

Table: Migrant remittance inflows (in million USD)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
416	510	508	545	543	470	481	523	589	584	547

⁸ World Bank, Doing Business Report, 2020.

⁹ Joint Research Centre, 'The best practices and potential of smallholders participation in short value chains in the WB and Turkey', 2021.

¹⁰ European Commission, 'Strategic foresight in the Western Balkans', October 2021.

¹¹ ETF Skills for Smart Specialisation in Montenegro.

¹² UNDP, 'Programme Evaluation for Montenegro of the Science and Research Strategy, 2017 to 2021'.

¹³ World Bank, October 2020.

Source: World Bank, October 2020. Note: e = estimate.

2. EDUCATION AND TRAINING

▪ Education expenditure, access, participation and early leaving

Education expenditure decreased from 5% in 2019 to 4.2% in 2020 (UNICEF, publication upcoming)¹⁴. In 2020, education as a percentage of GDP stood at 3.8%, compared to the EU goal of 4.6% by 2030. This data concerns only public expenditure. Some 80% of expenditure goes on teacher salaries.

In 2019, pre-school education enrolment increased to 72.62% for children aged 3 to 6 (MONSTAT, 2020). However, take-up is much lower in the north. The Strategy and Action Plan for Early and Pre-school Education 2021-2025 aims to reinforce attendance in line with international developments.

In 2019 the share of VET students in upper secondary education was 68.2%, in line with previous years. The tertiary education attainment rate among the working-age population (between 15 and 64) increased to 40.4% in 2020.

Participation in adult learning (lifelong learning) increased slightly to 2.7% in 2020 (2.5% in 2019). This is still low compared to the EU average of 10.8% in 2020. Adult learning takes place mainly as part of publicly funded active labour market measures. The Youth Guarantee Scheme as a flagship initiative of the EU's Economic and Investment Plan for the Western Balkans is expected to enhance adult learning participation in the coming years.

For several years, Montenegro has been among the high performers in both the region and the EU regarding the early school-leaving rate, which decreased further from 5.0% in 2019 to 3.6% in 2020.

▪ PISA results

In response to the rather disappointing PISA 2018 results¹⁵, the Government has set up a working group to address related challenges. The upcoming education sector review by UNICEF, which is currently being consulted with the public, is expected to offer some recommendations, as poor results at an early stage of education can have a dramatic impact on later learning outcomes.

▪ Young people not in employment, education, or training (NEET)

Like in other countries in the region, the high number of NEETs has been a concern in Montenegro. While the figures decreased to 17.3% before the COVID-19 crisis, they climbed again to 21.1% in 2020. School-to-work transition has been made more difficult due to the pandemic. To address this challenge, in July 2021 the Government committed itself to introduce the Youth Guarantee Scheme.

▪ Education during the COVID-19 pandemic

Schools, vocational colleges, and universities closed on 16 March 2020 and re-opened in the autumn. Schools were partly closed again between November 2020 and May 2021. Students were able to enrol online for schools and universities, which is now part of the system. With funds from the European Investment Bank, the Government launched the 'Digital Classroom' project by digitising content for primary education and upgrading the infrastructure throughout the country. However, the start was slow, given the delayed release of the 2021 Montenegrin State Budget.

Since the start of the pandemic, exams have always taken place in person. Matura exams were concluded on 9 June 2021. The Minister confirmed the importance of keeping schools open, applying specific safety measures. This is how the 2021-22 school year started.

¹⁴ UNICEF, education sector review Montenegro, forthcoming.

¹⁵ OECD, Montenegro Country Note, PISA 2018 results.

From December 2020 to May 2021, an interinstitutional working group monitored developments in the VET sector, while the Bureau for Education consulted with school directors to inform the planning of the following school year and in response to COVID-19 needs.

2.2 VET policy and institutional setting

▪ **Strategic and legal framework for VET and adult learning**

The VET law was amended in 2017 to focus on practical experiences and include a dual training scheme. The Montenegrin VET Strategy 2020-2024 and the related Action Plan 2021 responded to the priorities of the EU's Copenhagen Declaration on VET and the skills needs of the economic sectors identified in the Montenegrin Smart Specialisation Strategy 2019. The Action Plan 2021 is being implemented as planned. The Action Plan 2022 additionally reflects the commitments made under the EU's Osnabrück Declaration on VET 2021-2025 and the European Council Recommendation on VET 2021-2027.

Montenegro's Entrepreneurial Lifelong Learning Strategy 2020-2024 was approved as a follow-up to the 2015-2019 strategy. A National Partnership was set up in April 2021 by the Government. Entrepreneurial competences are an integral part of the new key competence framework that covers the whole education sector, and which was submitted to the National Education Council in October 2021.

The Government is committed to the EU Youth Policy. Reference to developments in Montenegro will be included in the EC Youth Report 2019-2021, expected to be published at the end of the year.

▪ **VET governance and financing arrangements**

Recent reports by UNICEF (upcoming) and the ETF¹⁶ suggest that players from the world of work, as well as regional and local players, be more systematically involved in the VET governance model. Regular monitoring must inform the reform agenda. Costed scenarios should be developed for planned reform interventions. UNICEF (upcoming) suggests, among other things, that a closer look be taken into the extent to which education infrastructure and provision ensure students' preparation for a green and digital economy. Furthermore, Montenegro needs to address the issue of its ageing teacher population.

▪ **Quality and quality assurance**

The quality of the whole education system has been a concern and priority for the Montenegrin Government for many years. In the field of higher education, qualifications and skills do not match labour market demands and there are limited links with research. In the area of VET, many curricula lack relevance for the world of work. A major concern is the lack of practical experience in both schools, and universities. Montenegro follows the EU quality assurance principles and applies its tools in general secondary, vocational, and higher education. The Bureau for Education and the Agency for Vocational Education and Training, as well as the Agency for Control and Quality Assurance of Higher Education, are responsible for this. Recently, with the support of the IPA SOPES 2015-2017 project, external and internal quality assurance procedures were revised, and staff capacities developed. The results will be provided at the end of 2021.

▪ **Work-based learning arrangements**

Prior to COVID-19, enrolment in dual VET was increasing considerably. In 2019, to improve the quality and relevance of programmes, the Government commissioned an evaluation (ETF and ILO, 2020)¹⁷. A further internal review followed up on that in 2020. The main recommendations are linked to stronger

¹⁶ ETF, Governance arrangements for VET in ETF Partner Countries, February 2019.

¹⁷ ETF, ILO Dual Education in Montenegro, Practical training in three-year educational programmes, 2020.

involvement and incentives for the business sector and adequate payment and working conditions for students.

The pandemic had some impact on the training carried out at companies. Enrolment in dual VET decreased from 834 students in 2019-2020 to 740 in 2020-2021. In 2021, an impressive number of 350 employers were involved in the scheme. Feedback from colleagues in education and world of work suggests that the students' apprenticeships at companies partly continued. To prepare for 2021-2022 enrolments, the VET Centre and the Chamber of Economy held meetings with schools in municipalities in February 2021. Two reviews were conducted recently – one on salary payments for students while working in companies, and another on the impact of dual VET. Results were expected by October 2021. Furthermore, the Ministry is carrying out a review to monitor the 2021 experience.

One European Commission recommendation on the Montenegrin Government's Economic Reform Programme 2021-2023¹⁸ was that bachelor's and master's programmes place a stronger focus on company internships and on monitoring and evaluating practical learning, with a view to improving the overall quality of higher education.

▪ **Digital education and skills**

The coronavirus crisis has made digital education and skills a priority for Montenegro, like many other countries. Distance learning was provided via three national television channels. The Ministry of Education set up a website (www.ucidoma.me), a dedicated YouTube channel and a mobile app for learners and teachers. This has continued, while at the same time discussions were held with UNICEF to provide a comprehensive learning platform for all education areas and for teachers, learners, and parents. Montenegro, together with the EU's Joint Research Centre and the European Training Foundation, took part in the SELFIE pilot for work-based learning in 2020. SELFIE is an EU tool to promote the digitisation of school-based and work-based learning.

Digital skills remain a government focus under the EU Digital Agenda for the Western Balkans¹⁹ as part of the EU Enlargement process. Since April 2020, Montenegro has been a member of the Regional Cooperation Council's working group on the development of digital skills strategies. The Government committed to developing a related strategy. Montenegro hosted the Western Balkans Digital Summit in October 2021, of which skills were an important part.

▪ **Donor support to education and VET for young people and adults**

In 2020, the ongoing IPA SOPES 2015-2017 programme helped implement activities related to key competences and quality assurance, the reform of VET curricula and related teacher training, and the inclusion of marginalised groups. Teachers and trainers were trained on revised professions relevant for crisis recovery and the transition to a green and digital economy. Activities are expected to be completed beginning 2022.

Montenegro is associated to the ERASMUS Programme and is a member of EPALE, the Electronic Platform for Adult Learning in Europe. Besides PISA, Montenegro participates in PIRLS and TIMMS.

UNICEF undertook a major education sector review in 2020 and 2021 with results expected in 2022.

As a follow-up to the '21st Century Schools' project, the British Council commenced the '21st Century Teacher' project, which aims to train primary and secondary school teachers on how to develop critical thinking, problem-solving and coding skills in students aged 6 to 14.

¹⁸ Economic Reform Programme Montenegro 2021 to 2023, Commission Recommendations.

¹⁹ Western Balkans Digital Agenda, 2017.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

- **Labour market and employment challenges in general**

A well-known key challenge in Montenegro is increasing employment among women and young people and tackling long-term unemployment. Positive labour market trends that could be observed before March 2020 were negatively impacted by the COVID-19 pandemic and the ensuing halt in economic activity.

The skills mismatch continues to be a significant challenge for the labour market, both for youth and adult workers. A vertical mismatch is present particularly amongst workers with tertiary level of education, with around 15% of such workers being employed in jobs requiring qualifications below their level of education, while the same type of mismatch affects slightly over 8% of employed people with a medium level of education (ETF, 2022 forthcoming)²⁰. There are high levels of transition from VET to higher education and other programmes with less relevance for the labour market. While tertiary educational attainment is still lower than the EU average, there seems to be an oversupply of certain tertiary graduates, such as business and humanities, while medical and STEM graduates are still lacking (ETF, 2019)²¹.

The pandemic had a significant, negative impact on youth employment (15-24) (17.6% in Q3 2020 compared to 29.5% in Q3 2019), and unemployment (25.2% in 2019 compared to 36% in 2020). Even before the pandemic, the rate of young people (15-24) not in employment, education, or training (NEET) increased from 2018 (16.2%) to 2019 (17.3%), indicating that there are significant difficulties in transitioning from education to employment, paired with a mismatch of skills provided through formal education and those required on the labour market. In 2020, NEETs stood at 21.1%; this could also indicate weak job creation. The highest share of unemployed people continues to be those with lower educational attainment.

Employment gains continue to be larger for men than for women. This is partly due to the traditionally lower engagement of women on the labour market, a significantly higher share of unpaid work done by women (ILO, 2019), and the structure of the social benefits system discouraging women from entering the labour market. Women have also been more affected by increasing unemployment due to COVID-19.

- **Employment**

The activity rate dropped to 53.3 % in 2020 from 57.4% in 2019 for people aged 15 years and older. The inactivity rate in 2020 also shows a sharp increase, at 46.6% in 2020 compared to 42.6% in 2019. The employment rate (age 15+) has significantly reduced due to the crisis, reaching 43.8% in 2020, compared to 48.7% in 2019.

Despite a slight improvement, geographical disparities remain large. Roma and people with disabilities face additional challenges in integrating into the labour market, despite the continued support for employment and education programmes targeting these groups.

- **Unemployment**

In addition, unemployment increased to 17.9% in 2020 compared to 15.2% in 2019.

²⁰ ETF 2022 Forthcoming Report on skills mismatch incidence in ETF Partner Countries.

²¹ ETF Policies for human capital development, Montenegro, 2020.

Since the outbreak of COVID-19, regular government job subsidy programmes have helped to contain socio-economic damage to a certain extent and will continue until the end of 2021. There are no short-term work programmes.

The most vulnerable groups on the labour market remain women, young people, and people with low skills, while long-term unemployment continues to be a structural challenge. While the unemployment rate among women is only slightly higher than that among men (18.4% for women and 17.4% for men in 2020), the gender employment gap remains high, at 37.9% for women compared to 50% for men in 2020.²²

High long-term unemployment persists, at 13.4% in 2020, with 65.5% of all unemployed people being long-term unemployed in Q3 2020.

- **Statistical data collection and labour market information**

A labour market information system is being developed with the support of ILO, and Montenegro also plans to join EURES. Overall data on education and employment is available and provided by MONSTAT and relevant Ministries as appropriate.

- **Poverty**

Like in all countries in the region, poverty has increased, from 165 000 to 336 000 in the region from 2019 to 2020. (World Bank, SEE Economic Outlook 2020)²³. Roma are among the hardest hit. The new Strategy on Roma Inclusion 2021 to 2025 and the Action Plan 2022 address education and labour market issues. The RCC is supporting Montenegro in this. The IPA SOPES 2015 to 2017 on Mediators selected 66 mediators in 11 municipalities, which are about to start their assignment.

3.2 Employment policy and institutional setting

- **Strategy and legal framework in the employment policy field**

In preparation for accession, the Labour Law was adopted by the Parliament on 23 December 2019 (Official Gazette of Montenegro, No 74/19). As the law was adopted before the pandemic, amendments regarding teleworking are underway in cooperation with the Social Council, which has taken up its work again in 2021. Work on general collective agreements is also ongoing, and is expected to be concluded by the end of 2021, with focus on increasing the minimum wage from EUR 220 to EUR 400.

The preparation of the National Employment Strategy for the 2021-2024 and the Action Plan 2021 has been delayed since December 2020 and is ongoing. It is expected that the results from the IPA SOPES 2015-2017 Local Employment Initiatives will inform the final document and the Action Plan 2022. The local employment strategies developed in this context are particularly relevant for addressing the regional differences in the Montenegrin labour market. The new strategy will also reflect 'Europe Now', the new Montenegrin programme on reforms.

For years, most active labour market measures implemented have been subsidised employment schemes, while the provision of (re)training and start-up incentives remains scarce, mainly due to underfunding. This is worrying since most unemployed people have a low level of education or hold mismatched qualification profiles against the demand on the labour market. Part of the solution relies on greater private-sector involvement.

Employment policy is implemented by the Employment Agency of Montenegro (EAM). In March 2020, amendments to the Rulebook on Internal Organization and Systematization were adopted in line with

²² ETF, KIESE 2021

²³ World Bank, SEE Economic Outlook, 2020

the new Labour Law. This has been part of the EAM's restructuring, streamlining, and redeploying of employees in view of EU accession.

- **Initiatives to boost employment (including Youth Guarantee)**

Despite numerous activation programmes in place, active labour market policies (ALMPs) are not adequate to assist jobseekers in finding sustainable, long-term employment, and continue to focus insufficiently on re- and up-skilling. COVID-19 has aggravated the situation. There is a lack of a comprehensive monitoring and impact assessment of the effectiveness of ALMPs, including following up on the number of beneficiaries that remain employed in the long term. This issue prevents continuous policy adjustments, which would make the ALMPs fit for purpose. A recent evaluation of ALMPs by the RCC under ESAP II²⁴ points to missing data and digitised feedback loops to allow monitoring and inform reforms. The Employment Agency is following up on this with the ILO.

For nearly a decade, the Government has offered a professional training programme for higher education graduates to foster smoother transition into the labour market through practical experience. Until 2019, around 3 000 unemployed graduates took part, around 50% of whom continued to be employed after participating in the programme. In 2021, 3 400 graduates benefitted from the initiative.

To address the high youth unemployment, in July 2021 the Government committed to launching and pushing forward the Youth Guarantee scheme, in line with flagship number 10 of the Economic and Investment Plan. Together with the European Commission (DG EMPL and DG NEAR), the ILO and the ETF will support the country in this endeavour. The Ministry of Economic Development has set up a working group that includes ministries, NGOs, and social partners. Trade unions and young people will also be invited to join the group. Furthermore, in October 2021 the Government has launched a programme to encourage youth employment with state funding, and in preparation of the Youth Guarantee Implementation Plan. Support and cooperation with the private sector will be encouraged.

- **Initiatives to increase the capacity of the public employment services**

Efforts to improve the institutional set-up and functioning of Montenegro's public employment service, the Employment Agency of Montenegro (EAM), are ongoing. These considerations are reflected in Reform Measure 17 of the Montenegrin Government's Economic Reform Programme 2020-2022: Operational capacity-building at the Employment Office for the performance of services and measures through digitisation. The digitisation of the EAM based on the results of the revision of the processes should facilitate its work and improve the provision of tailor-made and targeted services.

- **Donor support to the employment policy field**

The main donor in the field is the EC through IPA SOPES 2015-2017, which is still ongoing and planned for finalisation in 2022, with at the same time follow-up under preparation. Besides the EC, the ILO is active in this area.

For further information, please contact Ulrike Damyanovic, European Training Foundation, email: Ulrike.Damyanovic@etf.europa.eu

²⁴ RCC, ESAP II, The Evaluation of Active Labour Market Policy in Montenegro, 2021.

STATISTICAL ANNEX, REFERENCES, ACRONYMS- MONTENEGRO

Annex includes annual data from 2010, 2015, 2019 and 2020 or the last available year.

	Indicator	2010	2015	2018	2019	2020	
1	Total population (,000) ⁽¹⁾	619.4	622.1	622.2	622.0	621.7	
2	Relative size of youth population (age group 15-24 and age in the denominator 15-64, %) ^{C (1)}	21.3	20.1	19.6	19.5	19.3	
3	GDP growth rate (%)	2.7	3.4	5.1	4.1	-15.2	
4	GDP by sector (%)	Agriculture added value	7.7	8.1	6.7	6.4	MD
		Industry added value	17.1	14.4	15.9	16.1	MD
		Services added value	58.6	60.3	59.2	58.7	MD
5	Public expenditure on education (as % of GDP) ⁽¹⁾	MD	MD	MD	MD	MD	
6	Public expenditure on education (as % of total public expenditure) ⁽¹⁾	MD	MD	MD	MD	MD	
7	Adult literacy (%) ^e	98.4 (2011)	MD	98.8 ^e	MD	MD	
8	Educational attainment of adult population (aged 25-64 or 15+) (%) ⁽²⁾	Low ⁽³⁾	MD	9.1	9.6	8.9	8.5
		Medium ⁽⁴⁾	MD	62.8	62.6	62.1	61.3
		High ⁽⁵⁾	MD	28.1	27.7	29.0	30.2
9	Early leavers from education and training (aged 18-24) (%)	Total	MD	5.7	4.6	5.0	3.6
		Male	MD	4.9u	4.4u	5.2u	MD
		Female	MD	6.6u	4.9u	4.9u	MD
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	88.3	87.7	87.8	88.9	MD	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	68.2	67.2	67.4	68.2	MD	
12	Tertiary education attainment (aged 30-34) (%)	MD	31.9	34.2	39.3	40.4	
13	Participation in training/lifelong learning	Total	MD	3.0	3.2	2.5	2.7
		Male	MD	3.4	3.3	2.1	2.6

	(age group 25-64) by sex (%)	Female	MD	2.5	3.0	3.0	2.8
	Participation in training/lifelong learning (age group 25-64) by education (%)	Low ⁽³⁾	MD	MD	MD	MD	MD
		Medium ⁽⁴⁾	MD	3.6	3.4	3.0	3.4
		High ⁽⁵⁾	MD	3.0	4.2	2.6	2.1
	Participation in training/lifelong learning (age group 25-64) by working status (%)	Inactive	MD	4.8	6.1	5.3	6.2
		Employed	MD	2.3	2.1	1.7	1.3
		Unemployed	MD	MD	MD	MD	MD
14	Low achievement in reading, mathematics and science – PISA (%)	Reading	43.3 ⁽⁶⁾	41.9	44.4	NA	NA
		Mathematics	56.6 ⁽⁶⁾	51.9	46.2	NA	NA
		Science	50.7 ⁽⁶⁾	51.0	48.2	NA	NA
15	Activity rate (aged 15+) (%)	Total	MD	53.7	56.0	57.4	53.3
		Male	MD	60.1	64.3	65.2	60.6
		Female	MD	47.6	48.1	49.9	46.4
16	Inactivity rate (aged 15+) (%) ^C	Total	MD	46.3	44.0	42.6	46.6
		Male	MD	39.9	35.7	34.7	39.4
		Female	MD	52.4	51.9	50.1	49.2
17	Employment rate (aged 15+) (%)	Total	MD	44.3	47.5	48.7	43.8
		Male	MD	49.4	54.5	55.7	50.0
		Female	MD	39.4	40.8	42.1	37.9
18	Employment rate by educational attainment (% aged 15+%)	Low ⁽³⁾	MD	17.1	22.7	21.2	16.5
		Medium ⁽⁴⁾	MD	49.8	52.0	53.9	48.1
		High ⁽⁵⁾	MD	73.5	74.1	73.4	69.7
19	Employment by sector (aged 15+) (%) ^C	Agriculture	MD	7.7	8.0	7.1	7.5
		Industry	MD	17.5	18.9	19.4	18.4
		Services	MD	73.9	72.5	73.1	73.5
20	Incidence of self-employment (aged 15+) (%) ^C		MD	20.9	21.9	20.6	21.5
21	Incidence of vulnerable employment (aged 15+) (%) ^C		MD	11.9	13.6	13.3	13.8
22	Unemployment rate (aged 15+) (%) ⁽⁷⁾	Total	MD	17.6	15.2	15.2	17.9
		Male	MD	17.8	15.3	14.7	17.5
		Female	MD	17.3	15.1	15.7	18.4

23	Unemployment rate by educational attainment (aged 15+) (%) ⁽⁷⁾	Low ⁽³⁾	MD	28.3	20.1	26.0	33.6
		Medium ⁽⁴⁾	MD	19.3	16.7	15.4	18.1
		High ⁽⁵⁾	MD	10.3	10.3	11.3	13.2
24	Long-term unemployment rate (aged 15+) (%) ⁽⁷⁾		MD	13.5	11.4	12.0	13.4
25	Youth unemployment rate (aged 15-24) (%)	Total	MD	37.6	29.4	25.2	36.0
		Male	MD	39.9	33.3	25.8	33.6
		Female	MD	34.5	23.6	24.3	39.7
26	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%)	Total	MD	19.1	16.2	17.3	21.1
		Male	MD	19.9	18.6	18.8	21.5
		Female	MD	18.3	13.6	15.8	20.6

Last update: [September 2021](#)

Sources:

Indicators 8, 9, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 – Eurostat

Indicators 14 – OECD

Indicators 7, 10, 11 – UNESCO, Institute for Statistics

Indicators 1, 2, 3, 4 – The World Bank, World Development Indicators database

Notes:

⁽¹⁾ Mid-year estimates.

⁽²⁾ Active population aged 15-74.

⁽³⁾ Low = primary and basic general education.

⁽⁴⁾ Medium = general secondary and vocational-technical education.

⁽⁵⁾ High = secondary special and higher education

⁽⁶⁾ Data corresponds to the year 2012.

⁽⁷⁾ Age group 15-74.

Legend:

e = estimated.

c = calculated.

NA = not applicable.

MD = missing data.

ANNEX: DEFINITIONS OF INDICATORS

	Description	Definition
1	Total population (,000)	The total population is estimated as the number of people having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, countries may report legal or registered residents.
2	Relative size of youth population (age group 15-24) (%)	This is the ratio of the youth population (aged 15-24) to the working-age population, usually aged 15-64 (74)/15+.
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 US dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	GDP by sector (%)	The share of value added from agriculture, industry and services. Agriculture corresponds to ISIC divisions 1-5 and includes forestry, hunting and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4.
5	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans and by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transaction are reported together as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans and by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transaction are reported together as total public expenditure on education.
7	Adult literacy (%)	Adult literacy is the percentage of the population aged 15 years and over who can both read, write and understand a short, simple statement on their everyday life. Generally, 'literacy' also encompasses 'numeracy' – the ability to make simple arithmetic calculations.

	Description	Definition
8	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group. This is usually measured in terms of the highest educational programme successfully completed, which is typically certified by a recognised qualification. Recognised intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (age group 18-24) (%)	Early leavers from education and training are defined as the percentage of the population aged 18-24 with at most lower secondary education who were not in further education or training during the 4 weeks preceding the survey. Lower secondary education refers to ISCED 1997 levels 0-2 and 3C short (i.e. programmes lasting under 2 years) for data up to 2013 and to ISCED 2011 levels 0-2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case, upper secondary), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30-34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30-34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5-6 up to 2013 and ISCED 2011 level 5-8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25-64) (%)	Participants in lifelong learning refers to persons aged 25-64 who stated that they had received education or training in the 4 weeks preceding the survey (numerator). The denominator is the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are 15-year-olds who are failing to reach level 2 on the PISA scale for reading, mathematics and science.
15	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed people. The inactive population consists of all people who are classified as neither employed nor unemployed.
16	Inactivity rate (aged 15+) (%)	The inactivity/out-of-the-labour-force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all people who are classified as neither employed nor unemployed.
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed people by the population of the same age group. Employed people are all people who worked at least 1 hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.
18	Employment rate by educational attainment (% aged 15+)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group.

	Description	Definition
		<p>Employed persons are all persons who worked at least 1 hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.</p> <p>Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5-6, and ISCED 2011 level 5-8).</p>
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data is presented by broad branches of economic activity (i.e. agriculture/industry/services) based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed (i.e. employers + own-account workers + contributing family workers) as a proportion of all employed people.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by own-account workers and contributing family workers as a proportion of the total employed.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15-64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the 2 weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the 4-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, 3 months).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15-64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the 2 weeks following the reference week); are actively seeking work (had taken specific steps in the 4-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, 3 months). Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5-6, and ISCED 2011 level 5-8).
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of people in the total active population who have been unemployed for 12 months or more, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).
25	Youth unemployment rate (aged 15-24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed people aged 15-24 by the total population of the same age group.

	Description	Definition
26	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%)	The indicator provides information on young people aged 15-24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the 4 weeks preceding the survey. Data is expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.

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LIST OF ACRONYMS

ETF- European Training Foundation

EU- European Union

EAM Employment Office of Montenegro

EBRD European Bank for Reconstruction and Development

EIP Economic and Investment Plan

ERI SEE Education Reform Initiative for South East Europe

ERP Economic Reform Programme

ESAP II Employment and Social Affairs Platform

GDP-Gross Domestic Product

ICT-Information and Communication Technologies

JRC Joint Research Centre

HCD Human Capital Development

IFI International Finances Institutions

ILO International Labour Organisation

IMF International Monetary Fund

IPA III Instrument for Pre-Accession

NEET Young People not in employment, education or training

OECD-Organisation for Economic Co-operation and Development

PISA-Programme for International Student Assessment

RCC Regional Cooperation Council

SELFIE Self-reflection on effective learning by fostering the use of innovative educational technologies

SOPES (2015-2017) Sector Operational Programme for Employment and Social Affairs

WBL -Work-based learning

UN United Nations

VET Vocational Education and Training

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