MONTENEGRO

EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS 2020

KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

(SEPTEMBER 2019–AUGUST 2020)

As a candidate country aiming to join the European Union (EU) in the 2020s, Montenegro has demonstrated a serious commitment to reaching European standards in all domains. The country is well advanced in its accession negotiations. All chapters are open, and there is a focus on Chapter 23 and Chapter 24 negotiations in the policy dialogue between the European Commission and the government. In 2020, both the European Commission's assessment of Montenegro's Economic Reform Programme 2019–2021 and the annual Enlargement Package acknowledged that Montenegro was making progress. The Commission has called upon the government of Montenegro to continue with reforms in the area of education, training and employment and to address the high level of unemployment arising from the COVID-19 crisis.

Like most EU countries, Montenegro went into lockdown in spring 2020 as a result of COVID-19. It was only in mid-June that public and private sector employees were partly back in their offices. As in the EU Member States, unemployment went up and companies received immediate support from the government to enable them to survive. In the education sector, the Ministry of Education focused on home schooling solutions for students and set up a learning platform (www.ucidoma.me) in cooperation with the private sector. Preparations for the 2020–2021 school year included the first ever online enrolment system. The planned reopening of schools in September was pushed to October 2020 due to the increase in COVID-19 cases in the country. Students are currently taught using a mix of online solutions and in-person classes, with the actual mix varying from region to region.

In response to the pandemic, the bilateral policy dialogue between the European Commission and the Montenegrin government has been revisited and adjusted. The immediate focus is on health, food and the survival of small and medium-sized enterprises (SMEs). As a consequence, the ongoing and planned Instrument for Pre-Accession Assistance (IPA) II programmes have been mainly redirected to support the precarious health situation. In the area of education, training and employment, the implementation of the Sector Operational Programme, SOPES 2015-2017 contracts (i.e. key competences and quality assurance, vocational education and training (VET) qualification development, inclusive education, revision of active labour market measures) started in September 2019. Activities are under way, with some delays due to COVID-19, and occur partly online instead of in situ.

The IPA 2020 education and labour market component, which is a continuation of SOPES 2015-2017, was cancelled due to the pandemic and is expected to be included in the 2022 programming cycle. In parallel, IPA III programming was launched in April 2020 and continued over the summer with the development of action documents. Pre-screening and a priority setting process took place in September 2020. Greater donor cooperation and the involvement of international financial institutions and United Nations (UN) institutions are an important feature of the programming process.

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On 19 May 2020, the Joint Conclusions of the Economic and Financial Dialogue between the Western Balkans, Turkey and the EU shifted the focus to fiscal, economic and social development. In the context of COVID-19, the policy recommendations for Montenegro focused on immediate measures to preserve employment, support companies and ensure adequate income support and social insurance.

On 30 August 2020, parliamentary elections took place in Montenegro. The ruling party, which had been in place for decades, lost the election, and an agreement for an opposition government is in preparation. A new government is expected to be in place in autumn.

The European Commission has emphasised the continuity of reforms in the bilateral policy dialogue. The sub-committee working in the area of human capital development (Chapters 19, 25 and 26), met on 9 October 2020 and acknowledged progress. This includes the implementation of the dual education system as a government priority; the launch of a public consultation on the draft higher education strategy; the implementation of a new labour law; and the progression of the smart specialisation strategy. The annual European Commission Enlargement Package was adopted on 6 October 2020. It recommended continuing to address governance and quality education and continuing with the monitoring and evaluation of practical education in VET and higher education as well as active labour market measures.

Human capital is both a major asset and a big challenge for this small country. Montenegro has undergone deep economic restructuring, moving to a service-oriented economy, with an important focus on tourism, which makes human resources a key pillar for future growth and wealth. The lockdown and restrictions have literally closed this key income sector. The crisis will require policy leaders to revisit its economy and skills in view of the global green and digital market. The Montenegrin government has signed up to the wider EU digital agenda and it is expected to do the same for the green agenda in autumn 2020.

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Covering an area of 13 812 square kilometres and with a population of 622 100 (2019), Montenegro is one of the smallest countries in the world and in Europe. According to official estimates issued by the Statistical Office of Montenegro (MONSTAT), it ranks 39th in Europe (156th worldwide) by area size and 43rd out of 51 European countries (163rd worldwide) by population size. Montenegro is classified by the World Bank as an upper-middle-income country.

The age structure in Montenegro[1] makes lifelong learning an imperative to develop competences and skills for a digital and green economy. More than half of the population (53%) are between the ages of 25 and 64, while 15% are over 65. The relative size of the youth population (15–24) is 19.5%. Participation in lifelong learning fell from 3.2% in 2018 to 2.5% in 2019, and there are limited opportunities for upskilling and reskilling.

As pointed out by the National Strategy for Sustainable Development by 2030, the depopulation trend will continue, and the population of Montenegro may be only 542 000, or 12.6% less than in 2011, in 2050. This would approximate the population of the 1970s. In addition to the low fertility rate (1.75 children per women in 2018[2]), which does not enable the threshold for generational renewal to be reached, one important factor in explaining this reduction is emigration. It is expected that this trend will continue.

Montenegro is an open and service-oriented economy. The per capita gross domestic product (GDP) places the country among the poorest in Europe (36th out of 43 countries), and was estimated to be EUR 7 397 in 2018 (Government of Montenegro, 2019). This is at a comparable level with other Western Balkan countries. However, GDP growth has been remarkable and, up to recently, was the 6th highest out of 43 countries, with 5.1% annual growth in 2018. In 2019, it went down to 3.6%. Over time, the service sector has accounted quite consistently for roughly 60% of GDP (59.2% in 2018); around one-sixth (15.9% in 2018) is generated by (energy-intensive) industry and only 6.7% is generated by the agriculture sector. The rest is accounted for by the informal sector. However, the remarkable growth in GDP in 2018 is not considered to be stable. The economy's volatility is due to a vulnerability to external shocks, as Montenegro's economy relies heavily on capital inflows from abroad to stimulate its growth. In 2020, this was aggravated by COVID-19 and GDP is expected to fall by 12%. Foreign direct investment accounts for 8.9% of GDP, the highest rate among the other Western Balkan countries and also when compared to EU countries. This figure is expected to fall due to the COVID-19 crisis.

In terms of social situation, including equality, it should be noted that, in addition to decreasing sharply in 2018, per capita GDP hides several disparities linked to gender and geographical location. A poverty analysis conducted by MONSTAT revealed that 8.6% of the population were living below the poverty line (MONSTAT, 2014). This rate reaches 10.3% in

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[1] 0–14 years: 18.22% (male 58 219; female 53 718); 15–24 years: 13.05% (male 41 406; female 38 755); 25–54 years: 40.16% (male 122 940; female 123 746); 55–64 years: 13.47% (male 40 661; female 42 089); 65 years and over: 15.09% (male 39 899; female 52 816) (2018 estimates) (ETF, 2020).

[2] See https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=ME

the northern regions. According to the Social Scoreboard[3], which monitors performance in relation to the European Pillar of Social Rights, it appears that Montenegro has a high share of people at risk of poverty or social exclusion. This is particularly high for vulnerable families, unemployed people and children. While safety nets exist, the social protection system is not well equipped to target and assist those in need.

In response to the COVID-19 crisis and the global transition to digital and green economies, it is promising that international indicators signal that Montenegro is among the countries with the highest global innovation index in the region. The smart specialisation strategy (which runs from 2018 to 2024) and the new vocational education and training (VET) strategy (which runs from 2020 to 2024) could be a solid basis for revisiting priorities and setting next steps.

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Both the *use* of current human capital and the *formation* of future human capital have remained challenging policy issues (ETF, 2020). Montenegro has a rather high participation in formal education: 90% in secondary (net) and 56% in tertiary (gross). However, 14% of tertiary education graduates are mismatched, and work in semi-skilled occupations (ETF, 2019). Due to COVID-19, the optimal use of human capital has become even more difficult as a result of increasing unemployment, a precarious job situation and difficult job entry for young people in an insecure labour market. The planned transition to a digital and green economy puts further pressure on the education and training system to deliver the right skills and competences.

Historically and traditionally, the education and training offering is stronger for initial than for continuing education and lifelong learning (ETF, 2020). Access and participation are relatively well ensured – VET is attended by two-thirds of secondary education students (International Standard Classification of Education (ISCED) 4 level), and early school leavers represent only 5.7% of students. Close, sustained attention is paid to inclusion in education. A quarter of young people aged 15 to 24 are enrolled in VET (one of the highest proportions in the region, indicating good progress towards the target set by Sustainable Development Goal 4). The overall level of education is comparable to the EU average, but the insufficient quality of education and training hampers full translation of this level of education attainment into economic productivity, employment and social development. Adult and lifelong learning remains underdeveloped apart from a varied but limited offering of active labour market measures. Efficiency remains uneven (ETF, 2020). In response to the COVID-19 crisis, Montenegro has offered distance learning solutions. However, practical experience in the world of work has been limited for VET and higher education students as businesses focus on their own survival[4].

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[3] The Social Scoreboard includes 14 headline indicators, of which 12 are currently used to compare Member States' performance. These 12 are compared also for the Western Balkans and Turkey. The assessment includes the country's performance in relation to the EU average (performing worse/better/around EU average) and trends within the country (improving/deteriorating/no change). Data is available for the period from 2015 to 2017.

[4] See https://www.etf.europa.eu/en/news-and-events/news/mapping-covid-19-overview

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The COVID-19 crisis requires sustained efforts to improve the initial education and training system to better fit labour market developments and to develop lifelong learning and adult education. Recent developments show, however, that providing support for health and small and medium-sized enterprises (SMEs) is currently a priority, and there is a great risk that only lip service will continue to be paid to human capital and skills development.

Now, more than ever, and as recommended in the European Commission's recent enlargement assessment for Montenegro, COVID-19 also calls for a renewed governance model of human capital development policies in order to foster and monitor structural changes. Governance is a key pillar of and condition for the success of any public policy (ETF, 2020). It requires a number of elements: *actors* (public, private, local, national and sectoral); *mechanisms* to coordinate these actors; and *instruments* or tools to ensure an effective joint approach throughout the policy cycle, from design to implementation, without forgetting monitoring and evaluation. In Montenegro, most of these dimensions remain underdeveloped and are important conditions for the sustainable success of VET and employment reform efforts – in other words, the national policy capacity (ETF, 2020).

On 15 June 2020, the Minister of Education, in cooperation with UNICEF, invited the international community to an online education sector coordination meeting. The minister outlined the progress that had been made in education reform since 2016 and highlighted future priorities. He suggested the development of a hybrid model, including distance learning as an integral part of education and training provision, in response to the COVID-19 crisis. He requested continued ETF support in the area of work-based learning and teacher training and in response to the ongoing specific needs arising from the crisis.

2.2 Education and training policy and institutional setting

In preparation for accession and for Article 26 of the Treaty on the European Union, it should be noted that the chapter has been provisionally closed. The government of Montenegro has developed several strategic responses to address the above-mentioned challenges, including a national strategy for VET that will run from 2020 to 2024. Over the years, VET reforms have targeted mainly secondary VET, with less consideration given to post-secondary or continuing VET. The main driver behind these reform processes, substantially supported by EU pre-accession assistance funds, had been the impetus to develop a VET system capable of responding to labour market needs, mainly by introducing a new demand-based approach, focusing on learning outcomes, developing VET standards and modernising teaching processes.

An important transversal priority in these policies was increased cooperation between education and the world of work, mainly to provide students with practical experience that would facilitate their entry into the labour market. The reintroduction of dual education is a promising and major innovation (ETF and ILO, 2020); the extent to which this model could be maintained and expanded in COVID-19 times remains uncertain. It will require support for companies, schools and students, and new business models that are fit for the crisis and the implementation of the green and digital transition. The ongoing shift to learning outcome-based curricula (which is occurring mainly within the framework of Instrument for Pre-Accession Assistance (IPA) II), and the related revision of curricula and teacher training in cooperation with companies could help to introduce more flexibility and responsiveness to new job profiles.

In its efforts to increase cooperation between education and business, the government has tested new financing instruments (incentives for companies, subsidies for students) as a vehicle for enforcing its policy priorities. However, the effectiveness and impact of these instruments have not yet been appraised. This is in a context where, firstly, reform measures remain somehow scattered, and secondly, the monitoring and evaluation mechanism needs to be strengthened to fulfil the function of assessing progress and directing reforms as recommended in the recent European Commission assessment of 6 October 2020.

In terms of the institutional setting for the formation of human capital, the education system is predominantly state-led and school-based. The initial VET system is divided into several training programmes of various durations. Three different types of initial programmes are offered: lower VET (two years), secondary VET (three-year and four-year programmes) and post-secondary VET (two-year programmes following secondary VET).

Most students are enrolled in four-year programmes, with a view to then continuing their studies in higher education after graduating from VET. The ongoing development of attractive and relevant three-year programmes that would allow graduates to enter the labour market directly is considered to be an efficient route to fulfilling urgent skills needs. These programmes target deficit occupations (in which demand from employers is higher than the labour supply in a given year) and are expected to smoothen the transition from school to work, given the inclusion of work-based learning. It is expected that prioritising three-year programmes will also be part of the response to COVID-19 needs.

Regarding continuing VET, responsibility for the implementation of the adult learning strategy lies with the National Vocational Training Centre. The 40 VET schools in Montenegro have a mandate to also provide training programmes for upskilling and reskilling. However, long-standing experience in the field shows that only a few schools provide such programmes and receive funds through active labour market measures. The funding amount received is very limited and covers only a small number of unemployed people. A number of quite cumbersome procedures prevent VET schools from becoming continuing vocational training providers. This also remains a challenge for the future. However, it is worth mentioning the ongoing government programme for around 3 000 university graduates each year, which provides the graduates with professional training for entry into the labour market.

While acknowledging the gravity of the crisis, perhaps COVID-19 and the government's commitment to the digital and green agendas could be drivers in the reform effort to provide young people and adults with high-quality, relevant skills and competences within a lifelong learning framework.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

The labour market has suffered from high youth and long-term unemployment and low labour force demand in recent years. The structural discrepancy between supply and demand has both explained and reinforced these features. Equal opportunities and access to the labour market are not yet guaranteed, and a gender employment gap has increased over the years.

The 2019 data showed promising signs of higher activity rates and employment and less youth unemployment; long-term unemployment, however, increased in 2019. Nevertheless, the unemployment rate (15.2%; Eurostat, 2019) remains high compared to the average EU unemployment rate (6.7%, Eurostat, 2019). Participation in lifelong learning is very low and dropping (2.5% of adults engaged in lifelong learning in 2019).

Even before the COVID-19 crisis, the optimal use of human capital in Montenegro was hampered by two main factors: skills mismatch and the lack of (decent) job creation, which together represent challenges for inclusive growth and competitiveness (ETF, 2019).

This phenomenon has various explaining factors as identified in several studies. It includes weaknesses in the area of soft skills and a lack of regular updating of skills, affecting people in different ways according to their age or location. As an example, the percentage of young people not in employment, education or training (NEET) fell to 16.7% in 2017 (ETF, 2020), almost 6 percentage points higher than the EU rate (10.5%). In 2019, the rate went up to 17.3%. These impediments to the optimal use of human capital are also linked to the high level of informality, the seasonality of work in some key economic sectors and structural inequities with regard to workers' age, gender or regional location. They are also linked to the education and training system's lack of responsiveness to rapidly changing needs. There are also insufficient measures and services to support the transition from school to work.

The skills mismatch manifests itself at secondary and higher education level; it stems from the high number of transitions from VET to higher education and to programmes that are less relevant to labour market needs. Graduate employability is rather high (two-thirds of secondary and tertiary graduates have a job one to three years after their graduation but one in five university-educated workers is mismatched (ETF, 2019). There seems to be an oversupply of university education graduates.

First-time jobseekers face challenges in employment, as employers increasingly require additional knowledge, practical skills and competences and the capacity to perform jobs and tasks independently within the profession, on top of the qualifications acquired in regular education. Over the years, trends suggest that people with a medium level of qualifications are better off than those with a high or low level of qualifications. Initial assessments of the impact of COVID-19 suggest that the transition from school to work will become even more difficult, given the limited opportunities for practical experience and fewer job offers.

The COVID-19 crisis has stopped the positive trends and puts pressure on the government, business and individuals themselves to foster the employability of young people and adults and promote job offers. It will be difficult, yet it is expected that new opportunities may arise from the digital and green agendas. The European Commission and the international community have expressed their willingness to support the country in this challenge.

3.2 Employment policy and institutional setting

In preparation for accession and Article 19 of the Treaty, the Labour Law was adopted by the parliament on 23 December 2019 (Official Gazette of Montenegro, No. 74/19). Preparation of the National Employment Strategy for the period 2021 to 2024 is in progress, and, in cooperation with the World Bank, expert assistance was provided in the preparation of this

document. It is planned that the government of Montenegro will adopt the new strategy by the end of 2020.

In order to help address the skills mismatch and increase the employability of young people and adults, several measures have been taken, illustrating the priority attention that the government of Montenegro is paying to this issue. The development of a labour market information system in cooperation with the International Labour Organization (ILO) is under way, but has been delayed due to COVID-19. An interesting complementary initiative to address skills mismatch is the plan to develop a graduate tracking system for Montenegro based on big data. The first round of meetings involving the presentation of tools and cooperation with the IT department of the Ministry of Education took place on 27 July 2020 (meetings on the topic started in 2019).

The Ministry of Labour and Social Welfare also seeks to address high unemployment by improving cooperation between employment offices, municipalities and other actors at local level and to deliver tailor-made activation services to jobseekers and exposed social groups. However, most of the active labour market measures implemented are subsidised employment schemes, while the provision of (re)training and start-up incentives remain scarce (mainly due to underfunding). This is worrying, since most unemployed people have a low level of education or have qualification profiles that do not match demand on the labour market. Part of the solution relies on greater involvement of the private sector.

Employment policy is implemented via the Employment Agency of Montenegro (EAM), whereby jobs are organised within seven sectors, one department, four services and nine regional units. As of 30 June 2020, the agency had 301 employees. In March 2020, the Rulebook on Amendments to the Rulebook on Internal Organisation and Systematisation was adopted in line with the new labour law. This has been part of the restructuring of EAM and the streamlining and redeployment of its employees in advance of EU accession. The amendments were made to improve the functioning of organisational units, i.e. EAM as a whole, as well as the performance of certain tasks. EAM continues to strengthen administrative capacity. In order to improve human resources, it organises training and professional development for employees on an ongoing basis.

Since the start of the COVID-19 crisis, the government of Montenegro has launched three support packages to address unemployment and the risk of job loss. The first one lasted 90 days and focused on the postponement of taxes and credit obligations for individuals as well as for SMEs and the business sector. The second was launched in April 2020 and lasted about two months. It focused on the most vulnerable groups to preserve jobs and help to ensure a swift recovery. This measure included subsidies for the wages of employees and support for agriculture. The third support package was launched over the summer and supports the green and digital transition. It also focuses on increasing foreign direct investment, reducing poverty and supporting the health sector. The new government is expected to communicate its measures once it is in place.

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Recent ETF Country Intelligence Products:
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- ETF Torino Process Assessment
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- Quality assurance fiche

MONTENEGRO: STATISTICAL ANNEX

Annex includes annual data from 2010, 2015, 2018 and 2019 or the last available year.

	Indicator		2010	2015	2018	2019
1	Total Population (,000) [1]		619.4	622.1	622.2	622.1
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
3	GDP growth rate (%)		2.7	3.4	5.1	3.6
4	GDP by sector (%)	Agriculture added value	7.7	8.1	6.7	M.D.
		Industry added value	17.1	14.4	15.9	M.D.
		Services added value	58.6	60.3	59.2	M.D.
5	Public expenditure on education (as % of GDP) [1]		M.D.	M.D.	M.D.	M.D.
6	Public expenditure on education (as % of total public expenditure) [1]		M.D.	M.D.	M.D.	M.D.
7	Adult literacy (%) e		M.D.	M.D.	98.8	M.D.
8	Educational attainment of adult population (aged 25-64 or 15+) (%) [2]	Low [3]	M.D.	9.1	9.6	8.9
		Medium [4]	M.D.	62.8	62.6	62.1
		High [5]	M.D.	28.1	27.7	29.0
9	Early leavers from education and training (aged 18-24) (%)	Total	M.D.	5.7	4.6	5.0
		Male	M.D.	4.9	4.4	5.2
		Female	M.D.	6.6	4.9	4.9
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)		88.3	87.7	87.8	M.D.
11	Share of VET students in upper secondary education (ISCED level 3) (%)		68.2	67.2	67.4	M.D.
12	Tertiary education attainment (aged 30-34) (%)		M.D.	31.0	32.4	36.8
13	Participation in training/lifelong learning (age group 25-64) by sex (%)	Total	M.D.	3.0	3.2	2.5
		Male	M.D.	3.7	3.3	2.1
		Female	M.D.	2.9	3.0	3.0
	Participation in training/lifelong learning (age	Low [3]	M.D.	M.D.	M.D.	M.D.
		Medium [4]	M.D.	3.6	3.4	3.0

	group 25-64) by education (%)	High[5]	M.D.	3.0	4.2	2.6
	Participation in training/lifelong learning (age group 25-64) by working status (%)	Inactive	M.D.	4.8	6.1	5.3
		Employed	M.D.	2.3	2.1	1.7
		Unemployed	M.D.	M.D.	M.D.	M.D.
14	Low achievement in reading, mathematics and science – PISA (%)	Reading	43.3[6]	41.9	44.4	N.A.
		Mathematics	56.6[6]	51.9	46.2	N.A.
		Science	50.7[6]	51.0	48.2	N.A.
15	Activity rate (aged 15+) (%)[7]	Total	M.D.	57.3	59.6	61.1
		Male	M.D.	63.4	67.6	68.6
		Female	M.D.	51.4	51.7	53.7
16	Inactivity rate (aged 15+) (%)C	Total	M.D.	46.3	44.0	42.6
		Male	M.D.	39.9	35.7	34.7
		Female	M.D.	52.4	51.9	50.1
17	Employment rate (aged 15+) (%)[7]	Total	M.D.	47.3	50.5	51.8
		Male	M.D.	52.1	57.2	58.5
		Female	M.D.	42.5	43.9	45.3
18	Employment rate by educational attainment (% aged 15+%)[7]	Low[3]	M.D.	17.1	22.7	21.2
		Medium[4]	M.D.	49.8	52.0	53.9
		High[5]	M.D.	73.5	74.1	73.4
19	Employment by sector (aged 15+) (%)C	Agriculture	M.D.	7.7	8.0	7.1
		Industry	M.D.	17.5	18.9	19.4
		Services	M.D.	73.9	72.5	73.1
20	Incidence of self-employment (aged 15+) (%)C		M.D.	20.9	21.9	20.6
21	Incidence of vulnerable employment (aged 15+) (%)C		M.D.	11.9	13.6	13.3
22	Unemployment rate (aged 15+) (%)[7]	Total	M.D.	17.6	15.2	15.2
		Male	M.D.	17.8	15.3	15.2
		Female	M.D.	17.3	15.1	15.7
23	Unemployment rate by educational attainment (aged 15+) (%)[7]	Low[3]	M.D.	28.3	20.1	26.0
		Medium[4]	M.D.	19.3	16.7	15.4
		High[5]	M.D.	10.3	10.3	11.3

24	Long-term unemployment rate (aged 15+) (%)[7]		M.D.	13.5	11.4	12.0
25	Youth unemployment rate (aged 15-24) (%)	Total	M.D.	37.6	29.4	25.2
		Male	M.D.	39.9	33.3	25.8
		Female	M.D.	34.5	23.6	24.3
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)[11]	Total	M.D.	19.1	16.2	17.3
		Male	M.D.	19.9	18.6	18.8
		Female	M.D.	18.3	13.6	15.8

Last update: End of August 2020

Notes:
[1] Midyear 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
N.A. = Not Applicable
M.D. = Missing Data

ANNEX: INDICATORS' DEFINITIONS

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons 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 U.S. 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 as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported 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 as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.

	Description	Definition
7	Adult literacy (%)	Adult literacy is the percentage of population aged 15 years and over who can both read and write with understanding a short simple statement on his/her everyday life. Generally, 'literacy' also encompasses 'numeracy', the ability to make simple arithmetic calculations.
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 with respect to the highest educational programme successfully completed which is typically certified by a recognized qualification. Recognized intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (age group 18-24) (%)	Early leaving from education and training is 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 four weeks preceding the survey. Lower secondary education refers to ISCED 1997 levels 0-2 and 3C short (i.e. programmes with duration less than 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 education), 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 by sex, education and working status (age group 25-64) (%)	Lifelong learning refers to persons aged 25–64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator consists of 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 the 15-year-olds who are failing 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 persons. The inactive population consists of all

	Description	Definition
		persons 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 persons who are classified as neither employed nor unemployed.
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one 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. Employed persons are all persons who worked at least one 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. Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
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) which is 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 the total employed.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by the Own-account workers and Contributing family workers as a proportion of the total employed.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons 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 two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-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, three months).

	Description	Definition
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons 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 two weeks following the reference week); are actively seeking work (had taken specific steps in the four-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, three months)). Educational levels refer to the highest educational level successfully completed. Three levels are consider: 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 unemployed persons since 12 months or more in the total active population, 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 persons aged 15–24 by the total population of the same age group.
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 four 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.

LIST OF ACRONYMS

EAM	Employment Agency of Montenegro
ETF	European Training Foundation
EU	European Union
GDP	Gross domestic product
ILO	International Labour Organization
IPA	Instrument for Pre-Accession Assistance
ISCED	International Standard Classification of Education
MONSTAT	Statistical Office of Montenegro
NEET	Not in employment, education or training
SME	Small and medium-sized enterprise
UN	United Nations
VET	Vocational education and training

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