Montenegro

Country information note 2010

Summary

Following its declaration of independence in June 2006 and immediate recognition by the European Union, Montenegro has seized the opportunity presented by its new constitutional status: the country managed to secure membership in international organisations, signed a Stabilization and Association Agreement with the European Union in October 2007 and has applied for EU membership on 15 December 2008.

Montenegro’s prospective EU membership opens a significant window of opportunities for the country and its citizens. Therefore EU accession policy agenda serves as the main driver for Montenegro’s national reform process. The EU is providing guidance to the Montenegrin authorities on reform priorities via the European Partnership and supports the reform efforts of the country through the EU pre-accession funding framework – the Instrument for Pre-Accession (IPA). The opinion of the European Commission and the Council on the country’s application, due by end of 2010, is expected to grant Montenegro with the status of a candidate country and will ensure the access of the country to all IPA components, so that employment, education and training will feature amongst the priorities.

ETF support to Montenegro is steered by the policy objectives and orientations of the European Partnership and the Stability and Association Agreement and by the priorities of the ETF Mid-term Perspective (2010-13). ETF strategy has been also shaped to respond to the country’s needs and challenges as expressed in key policy papers and policy discussions. In partnership with the government, employers, trade unions and civil society, the ETF will work in 2010 to enhance the reforms in the human capital development sector vis-à-vis the country's perspective for EU accession. In this respect specific emphasis is given in the country plan to:

- **VET system development through improving teacher education and continued professional development**: policy advice for improving teachers’ skills for inclusive education and for teaching key competences will be provided based on the findings and recommendations of ETF’s regional projects on teaching and learning and inclusive education and training policies and practices in the Western Balkan countries

- **Evidence-based policy advice for combating long-term unemployment**: an in-depth study to focus on the reasons behind long-term unemployment as a chronic problem with severe social and economic implications and on proposals for preventive and remedial actions

- **Skills for competitive businesses**: promoting a better understanding amongst the range of policy interest groups (education and training, enterprise, employment) of the importance of including support for skills for growth enterprises set against the EU's “New Skills for New Jobs” communication and recommendations within the European Small Business Act for e-skills for small enterprises.

- **Human capital development review**: an in-depth country review with recommendations for future areas of EU intervention, focusing on employment and active labour market measures, education and training in the context of lifelong learning, relations to social inclusion and education and training cooperation will be conducted to inform national policy making process and IPA human resource development programming cycle
1. Political and socio-economic background

Following a national referendum held on 21 May 2006, Montenegro declared its independence from the State Union of Serbia and Montenegro on 3 June 2006 and was immediately acknowledged by the European Union and its Member States as a sovereign, independent state. Currently Montenegro hosts a population of 620,145, comprising Montenegrins, Serbs, Bosnian Muslims, Albanians and Croats, including a refugee population, currently estimated at some 25,000, as an aftermath of a decade of conflict and civil strife in the South Eastern European region.

In January 2009 the Montenegrin parliament adopted a decision to call early elections, which were held in March 2009. Following them, a new government headed by the outgoing Prime Minister Milo Djukanovic was elected by parliament in June 2009. It has four new ministries, following the separation of the Ministry of Health from the Ministry for Labour and Social Affairs, and the new Ministries for Regional Development and European Integration. The priorities of the new government's agenda remain the European and Euro-Atlantic integration, mitigating the consequences of the economic crisis and ensuring sustainable growth in Montenegro. On 30 December 2009 the Minister of Education and Science resigned, citing insufficient public support for implementing reforms in the sector.

Having signed a Stabilization and Association Agreement with the European Union in October 2007, Montenegro applied for membership on 15 December 2008. In July 2009, EU Enlargement Commissioner Olli Rehn presented to the Government the EU accession questionnaire, following the Council of Ministers request to the European Commission to assess the country’s readiness for launching accession negotiations. The replies of the country to the questionnaire were officially handed over to the EC in December 2009. On 30 November, the European Union granted visa free travel to the citizens of Montenegro in the Schengen area for up to 90 days per six-month period. The measure became effective as of 19 December 2009.

The post-independence period was marked by stable prices and an economic boom evidenced through high real GDP growth rates, a high inflow of FDI and the strong growth of services sectors, especially the tourism and real estate sectors. GDP growth accelerated from 4.2% in 2005 to 8.6% in 2006 and 10.7% in 2007, with employment and wages also growing strongly. The global financial and economic crisis, however, has not spared the country and has turned around the GDP growth pattern, which in 2008 reached 7.5%. The key drivers that have underpinned growth in Montenegro – domestic consumption, credit expansion and increasing capital inflows such as FDI and remittances – have been losing strength. In 2009 the GDP contracted by 4%, the negative effects of the crisis being extended to a couple of key economic sectors – basic metals, real estate, financial services and construction.

The impact of the crisis, however, has been mitigated by a good tourist season and anti-crisis measures taken by the government (reduction of rates of the personal income tax, of social contributions and of other fees for businesses; measures to protect the banking system and full guarantee of domestic deposits; reduction of electricity prices for the most vulnerable categories of the population, as well as for SMEs, etc.). Thus the Government of Montenegro projects an economic growth of 0.5% in the second half of 2010, while the EBRD projection is for 0.4%. The optimistic prognosis is re-inflected by the findings of the 2009-10 Global Competitiveness Report, indicating that Montenegro climbed three positions to 62nd place among 133 countries, thus outperforming all its Western Balkan neighbours and the EU countries of Romania, Latvia, Greece and Bulgaria.

Despite reform progress, however, economic limitations and drawbacks persist. A recent World Economic Forum report identifies inefficient government services, inadequate supply of infrastructure, access to financing, corruption and an inadequately educated workforce as the most problematic factors for doing business in the country. The grey economy is reportedly very large, thus posing unfair competition for formal businesses. The potential of Montenegrin economy for innovation and competitiveness is not very high – according to a recent study only 13% of Montenegrin companies have been ISO certified, 29.7% use the web to communicate with clients/suppliers, 17.2% use technology licensed from foreign companies. In addition, the process of economic restructuring (of aluminium production in particular) has not been finalised yet and raises additional risks and uncertainties for both the economy and the labour market.

Montenegro’s labour market in 2009 continued to be characterised by relatively low activity rates - less than 60% (with a serious gender gap, the share of economically active women being by 1/3 lower than that of active men), and high unemployment rate of 18.3% according to data from the statistical office of Montenegro (2009 Q3 LFS) and 10.3% as data from the public employment services indicate in end
September 2009. The effect of the economic crisis on the domestic labour market was only felt in the autumn 2009, when the number of unemployed started to increase, from an historical low rate of 10.2% in August, to 11.3% by mid-December as evidenced by the weekly reports of the Employment Agency. Although the unemployment rate in Montenegro is lower than that in some neighbouring countries, the tendency for deterioration is alarming and raises serious concerns, especially vis-à-vis the serious regional disparities – while the unemployment rate in the Central region (18.4%) almost equals the country’s average, the rate in the Southern region (8.3%) is well below and that in the Northern region (28.3%) is noticeably above the average. Besides, Montenegro has a large number of vulnerable groups, such as long-term unemployed, youth, disabled, women and minorities whose disadvantaged position at the labour market has not improved substantially over the recent years. 

The absolute poverty rate in Montenegro was set at 8% in 2007 but increased to 10.8% in 2008, while approximately one-third of the total population live just above the poverty line and is defined as economically vulnerable. These data indicate the negative impact of economic deceleration on poverty and social exclusion, therefore a further increase of both the poor and economically vulnerable groups of the population can be projected as a consequence of the economic crisis already underway. Poverty and joblessness, on the other hand, not only correlate but also go very much in hand with regional disparities in Montenegro. Thus, 81% of the overall jobless are located in the North and Central regions of the country which together account for 81.5% of those living in poverty. Poverty is also closely linked to low education levels, as illustrated by the fact that significant numbers of Montenegro’s disadvantaged groups, in particular, its Roma communities and persons with disabilities are educationally poor, with illiteracy estimates for Roma, Ashkelia and Egyptians (RAE) standing at 80%. The numbers of people with disabilities in the education system vary from 2% to 10% and a quarter of them having only completed primary school (25.8%), which considerably limits their future employability and accounts for the fact that only 2% of these people are currently employed. The percentage of RAE who engage in any sort of gainful activity (including employment) is 17%, with a significant gender gap – 84% of them are men, and only 16% are women.

2. Key policy areas and issues addressed by the country

Montenegro is increasingly moving towards a more integrated policy approach to human capital development with government departments, social partners and civic interest groups recognising the importance of sustained policy commitment and appreciating the necessary interfaces between the ranges of policy lines required to create a life-long learning system. This section provides an overview of the policy framework for human capital development with particular reference to education, training, employment and enterprise-based human resources.

**VET system development and provision in a lifelong learning perspective**

In 2001, Montenegro initiated a range of measures to promote education and training. The framework for this ambitious reform which addressed all levels of the education and training system (from pre-schooling to vocational education and training and adult learning), is enshrined within the Government’s White Paper – ‘The Book of Changes’ – which lays emphasis on education participation, curricula reform, quality improvements and the promotion of life-long learning. The ‘book’ has been subsequently followed by the promulgation of seven basic education laws (general, pre-school, primary, secondary, vocational, higher and adult education, special needs education) supported by its executive agencies.

Good administrative and policy capacity within the Ministry of Education and Science of Montenegro are already available and three well-developed executive agencies are responsible for different educational sub-systems or special issues: Bureau for Education Services, the VET Centre and the Examination Centre of Montenegro. New advisory bodies have been established to support the reform processes and to enhance the efficiency and the quality of the policy-making cycle: Council for General Education, Council for Vocational Education and Council for Adult Education (the latter two are organized on a tri-partite principle).

Building on a first strategic plan (2002-04) where particular efforts at decentralisation have been made, reforms are presently being implemented through a second plan (2005-2009) and where more specific EU policy lines are being addressed: the Bologna Process for reforms in higher education and the Copenhagen Process for modernisation in vocational education and training. Montenegro has additionally embraced the key development lines of the European Qualification Framework with a Law on National Vocational Qualification recently adopted and IPA 2007 funds allocated for reform and development.
Access to learning opportunities is generally good in Montenegro with 97% enrolment for primary schools (7-14 years) and an overall enrolment rate for secondary education of 85-90%. Spending on education demonstrates the level of priority attached to education in the Government’s agenda (7.2% of GDP compared to an average of 6.1% in OECD countries), a World Bank 2005 assessment nonetheless calls for more efforts to improve overall efficiency and effectiveness in general and vocational education delivery. Critical to the World Bank’s assessment is the issue of quality which is undermined by serious deficiencies in infrastructure, outdated curricula and teaching and learning methods and low quality inputs, particularly teacher training and educational materials.

Data from a 2009 labour force survey suggests that those who have followed vocational education and training are more likely to be out of work (44.8%) compared to those who have followed general school studies (17.4%). These figures reflect concerns raised by the ETF and the World Bank as to the appropriateness of Montenegrin vocational education and training system vis-à-vis the skills needs of the market and suggest that VET is not able yet, despite the reform efforts, to respond to the requirements of an adaptable and flexible labour force. These data sound even more alarming, given the fact that approximately 68% students enrolling in upper secondary education take the vocational education and occupational streams. A new direction being considered by the Montenegrin education authorities who may help address this issue in part is a more strategic development of key competences.

Labour market needs and employability

While employment is identified as a concern in key economic and broader government policy papers, it still is not sufficiently integrated into core economic policy lines or followed-up in any concerted way to maximise employment potential and minimise fall out. A national employment and human resource development strategy and action plan elaborated in 2007, supplemented by White Paper issued in 2008 on human resources development in Montenegro up to 2017 and the adopted in 2008 new Labour Law, reflect EU employment guidelines and provide a framework for the various stakeholders to bring forward the employment development agenda.

The main challenges in the area of employment policy, as mentioned above, include the need to address the structural unemployment, uneven regional employment and informal work, as well as unsatisfactory contribution of Montenegro’s human resources to the country’s competitiveness agenda. In addition to these, measures aimed at handling the impact of the crisis on the labour market need to be designed and carefully implemented.

Enterprises and human capital development

The Government has been making significant efforts to accommodate the policies associated with small business growth defined by the Small Business Act for Europe, and in particular in taking first steps in promoting lifelong entrepreneurship learning. A lifelong learning strategy on entrepreneurship along with an action plan for its implementation was developed in 2008. A recent publication of OECD, DG for Enterprise and Industry, the ETF and the European Bank for Reconstruction and Development on the implementation of the European Charter for Small Enterprise in the Western Balkans points to the fact that Montenegro leads on the education and training for entrepreneurship policy framework and also performs well (together with Croatia) on entrepreneurship promotion in lower secondary education.

Montenegro’s efforts in accommodating the policy recommendations from the Charter on entrepreneurship education and training since the 2007 report are particularly marked by the development of a lifelong entrepreneurial learning strategy and an action plan (2008-09). This is backed up with state funds to deliver a limited number of actions. While the strategy has value as a stand-alone instrument, the inclusion of entrepreneurial learning within a wider battery of policy documents and action programmes (e.g. National Action Plan for Employment 2008-2009, SME strategy, National Strategy for Employment and Human Resource Development, HRD Montenegro 2017) reinforces its overall potential in ensuring that the various strands of the lifelong entrepreneurial learning strategy are followed through.

Only recently have Montenegrin businesses begun to address their human capital needs. A recent study of the World Bank study indicates that 25.2% of the companies in the manufacturing sector have offered formal training to their employees. However, one ad-hoc survey in the country’s least developed Northern region suggests that training within the enterprise environment is critically poor with only 1% of enterprises having engaged training since business start-up. While actions of the SME Directorate particularly address enterprise management development, it is assumed that investment by enterprises in their own staff is confined to tasks associated with equipment on site without any strategic overall commitment to broader human capital development which will be required to better
compete on the markets. In the context of its EU accession agenda, the Montenegrin authorities have started now to consider how they intend to develop human capital to ensure that the country’s enterprises are willing and able to take the growth route.

Montenegro, like the rest of the Western Balkan countries, needs a more developed training market where both public and private sector training providers respond to increasing demands from enterprises for training and advisory services to facilitate recovery from the economic crisis and to contribute to country’s growth and enhanced competitiveness. Given a particular emphasis of public training services on training for the unemployed, extension of training to those already employed within enterprises will require further promotion and further investment. This also requires a more concerted policy dialogue between those responsible for employment and economic policies, with enterprise representations to determine options that provide staff of existing enterprises access to affordable training.

Cross-cutting issues

Montenegro has recognised the impact of social exclusion and poverty on its human capital development and has been addressing this cross-cutting issue by means of legislation and sectoral policy measures. The government adopted a strategy for the integration of persons with disabilities for 2008-16 and a strategy for inclusive education for the same period. The newly introduced system of inclusive education has still not been efficiently implemented in practice due to a lack of trained staff, physical barriers as well as a continued biased approach towards this population.

The new Labour Law of 2008 offers incentives to employers for hiring disabled people but the implementation is rather weak. Significant progress has been made in creating conditions for the participation of Roma in employment, such as registration in employment bureaus or specific tax relief for employers. Yet, Roma continue to face poor access to education, employment and social services. Despite the expressed and obvious political will, implementation of the defined policies is not evident. The improvement of their efficiency is linked to the establishment of implementation and monitoring capacity, domestic ownership and adequate and sustainable funding.

Summary of key issues and challenges

Based on the above analysis, the key issues and challenges before the human capital development in Montenegrin can be summarised as follows:

- All sub-systems of the overall education and training system, need further improvement with particular reference to quality, effectiveness, efficiency and equity to keep pace with the demands of an evolving market economy and to promote the establishment of a more inclusive society. Major issues to be addressed are the completion of curriculum reforms, wider introduction of innovative teaching and learning styles and student-centred approaches, better links with the world of work, as well as improving the participation and educational achievement of all groups of population.

- Adult learning in general and work-based development of the skills of employees in particular remain a marginal concern and require a more concerted effort by all parts of government and the private sector if the country is to take the road towards knowledge-based economy and to meet up to regional and European competitiveness;

- Employment policy measures should focus on structural unemployment and regional disparities, while giving priority to youth, women, disabled, long-term unemployed and vulnerable communities (RAE, internally displaced persons, minorities), especially in view of the stronger detrimental effect that current economic deceleration and job losses have on the labour market opportunities of those disadvantaged groups.

- In view of the possible granting of candidate country status to Montenegro and the opening up of IPA Human Resources Development Component, preparatory work is to be launched for drafting and agreeing on a Strategic Coherence Framework and on a Human Resources Development Operational Programme. IPA funds provided for this policy area are programmed and implemented in a way that is similar to the European Social Fund. One of the main purposes of HRD financing is to prepare candidate countries for programming and implementing ESF assistance. Developing institutional structures and capacities which can eventually contribute to the complex organisational arrangements for planning, administration and delivery of ESF-supported operations, should be built in as early as possible to the EU programming mission with its partner country. Rushing the policy and institutional arrangements in the last couple of years
before accession creates stress on the partner country administration and is not optimal in efficiency terms as institution and capacity building are carried in by the new Member State on accession.

3. EU and other donor policy and interventions

To date, EU support for human resource development has totalled approximately €7.3 million and concentrated on school-based vocational education reform (curriculum modernization, teacher-training and training infrastructure in selected sectors to a value of €1.5 million), support to labour market reform (€1.2 million) with commitments to support the country in the development of a national qualification framework (€1.5 million). Tempus support (€3.1 million) has addressed quality assurance particularly in the university system. With the introduction of the EU’s revised policy and financial support framework (Instrument for Pre-accession) for the Western Balkans, both the education and employment authorities have highlighted their commitment to development of quality education and increased employability and intend to maximise the opportunity for EU support in the IPA financing period (2007-13).

**EU funded projects related to employment**

A 2006 CARDS programme (€1.2 million) has been operational since June 2006 and aims to align policy and governance arrangements of the labour and public employment administration service with the wider socio-economic policy framework. Key outcomes of the programme to date include an employment and human resource development strategy and action plan which is being followed up by IPA 2008 where specific emphasis is being given to institution building within the labour ministry and the employment agency with specific reference to EU policy intelligence and analysis.

**EU funded projects related to education and training**

A particular feature of the CARDS 2004 vocational education programme was determining options for the development of vocational qualifications and resulted in legislation which was passed by the Parliament in 2008 (Law on National Vocational Qualifications). IPA 2007 funds have been committed to follow through on this initial work. Overall, the project is expected to result in an agreed vision and framework for the national qualifications system to conform to the 8-level principle of the European Qualifications Framework. Activities are grouped in six strands: administrative capacity building; public awareness; systemic alignment; recognition of non-formal and informal learning; the introduction of one EQF instrument; and improved information management. Assuming a concerted drive to establish a NQF, a functioning system could be in place by 2015.

**EU support for higher education**

Montenegro has been an active participant in the EU’s Tempus programme since 2001 with particular emphasis given to development of the European Credit Transfer System, quality assurance, and university management. This effort supported by €3.1 million financing has ensured that Montenegro participates fully in the Bologna Process and is actively committed to the EU’s 2010 objective in establishing a European Higher Education Area.

**Other donor activities and projects**

- USAID, in cooperation with the ILO, has provided technical assistance to the Ministry of Labour for development of employment legislation with the objective of introducing more flexibility in the labour market. The resulting legislation provides an important legislative benchmark in Montenegro’s bid to deregulate its labour market and promote employment potential.

- World Bank credit line from 2005 ($5 million) is presently supporting the education authorities in development of quality of teaching and learning in schools and in the efficient use of budgetary resources.

- A LUX Development project (€ 4.1 million) aims to strengthen vocational training in North-East Montenegro through offering support to the development of relevant occupational profiles and curricula in agriculture and tourism areas, together with appropriate training materials. It purports to enhance the training environment and quality of teaching, increase the involvement of social partners in the development and delivery of training, and foster entrepreneurship in the agriculture and tourism sectors in north-east Montenegro.
German, Austrian and UK authorities are behind a number of small, institution-building projects to support workforce development in the tourism and construction sector. These include the development of occupational standards and training programmes for trainers. The wider development of occupational standards for other key sectors of the economy now needs to be considered. Good dialogue and exchange of information between the German supported activities on training in tourism and construction and the planned IPA support for development of qualifications for the given sectors will mean an overall synergy in effort and maximisation of investment.

Government of Finland, OECD, UNICEF, Save the children and Montenegrin Ministry of Education and Science support a project on inclusive education for children with special needs. Range of smaller donor-supported projects, with little mainstreaming policy impact, address employment and social inclusion of RAE, people with special needs and localised training and employment development.

ETF initiatives in the human capital development sector in Montenegro
To date, ETF support measures for the human capital development sector in Montenegro are small, targeted, giving particular emphasis to: a) national qualifications development, b) key competences and improved teaching methods c) entrepreneurial learning and d) adult learning, all of which are driven by EU policy. These actions run alongside a general support service to the range of stakeholders on EU programming (dialogue, design and monitoring).

Challenges in relation to mainstreaming of donors assistance with national polices
As evident from the above, like the rest of the Western Balkan countries, Montenegro has received substantial donor assistance in the field of human capital development in the recent years. Donor interventions have served both as a source of innovation and inspiration for the national reforms and as their major funding source, thus compensating to a great extent for the scarce local budget allocations for education, training and employment. Yet, the impact of donor assistance on the level of national policy making, policy implementation and policy monitoring is lower than expected due to the lack of full local ownership and alignment with country’s needs, which in turn, issues serious challenges before the mainstreaming of donor interventions. Experience gained in Montenegro highlights a couple of issues and challenges for better interfacing of national and donor supported investments:

- human resource development programmes are by definition multi-stakeholder concerns; confining responsibilities to a single stakeholder, for political or administrative reasons, reinforces institutional divisions and promotes poor governance; donor support should ideally be increasingly conditional on cross-stakeholder cooperation;
- in the institution and capacity building efforts for employment and human resource development programme, support for social partners has been minimal and at best incidental; more direct engagement of social partners, including specific capacity building measures in policy formulation, monitoring and appraisal should be considered in future EU supported programmes;
- reform programmes which are directly related to immediate policy concerns within the EU (e.g. national qualifications frameworks) are better appreciated by the partner country; such programmes immediately create a sense of common mission with EU partners;
- bench-marking against EU Member States, candidate countries and other potential candidates, including the establishment of policy performance indicators provides good references to the partner country as to what they need to do and where they stand in policy performance terms in relation to other countries;

4. Mid-term ETF intervention strategy 2010-12
The ETF strategy for Montenegro in the period 2010-12 has been designed to respond to the major country-specific human capital development policy issues and challenges as described above and as validated through policy dialogue and consultations with key national stakeholders. It reflects, at the same time, the over-arching framework of the EU enlargement process and the priorities of the corporate ETF mid-term perspective (2010-13). In this period the ETF will continue to assist
Montenegro in determining policy priorities, mobilising multi-stakeholder engagement and cross-sector policy dialogue, as well as promoting capacity in policy development, policy implementation and policy progress review in the field of education and training policy, as well as employment and social inclusion.

ETF investments (expertise and project funds) in human capital development in Montenegro until 2012 are meant to enhance EU policy messages and to facilitate more substantial investments in the sector by other donors, particularly by the European Commission. Thus, the ETF strategy for Montenegro in 2010-12 will aim to provide support for further reforming of the system of vocational education and training in a lifelong perspective and for enhancing the contribution of VET to country’s employment, competitiveness and social cohesion agendas.

Content-wise, the ETF strategy of intervention for Montenegro in the period 2010-12 is embedded in the corporate mid-term perspective and will cover the following core thematic areas and sub-areas:

**VET system development in a lifelong learning perspective**

- High quality vocational education and training system which is attractive, efficient and equitable, responsive to the labour market needs and enhancing individual employability, is the ultimate goal of the new VET strategy that has been drafted by the Montenegrin Government. To assist the national stakeholders achieve this, the ETF strategy of intervention for Montenegro will address the following key issues: i) acquisition of key competences; ii) high quality teaching, comprising adequate initial teacher education, continuous professional development for teachers and trainers, and making teaching an attractive career-choice; iii) governance and leadership of education and training institutions.

- The challenges posed by the need to update and develop the skills of Montenegrin labour force in line with a restructuring, market-driven economy call for a lifelong approach to learning and for a VET system which could offer coherent and comprehensive lifelong learning strategies. Therefore, the ETF will support the promotion of adult learning in Montenegro, the improvement of the quality of guidance system, the establishment of more flexible learning pathways - including better transitions between the various education and training sectors, greater openness towards non-formal and informal learning, and increased transparency and recognition of learning outcomes.

**Labour market needs and employability**

- The ETF strategy will aim to promote an inclusive domestic labour market, attracting and maintaining more people in employment with special focus on disadvantaged groups (long-term unemployed, youth, disabled, women and minorities).

- A substantial improvement in country’s capacity to assess, anticipate and match current and future skills with labour market needs is a precondition for the design of efficient employment, education and training policies and individual career choices, therefore the ETF will facilitate a policy debate and policy measure design on building this capacity. Due to imperfect information on on-going structural reforms and lack of proper forecasting of future demands of economy, Montenegro’s workers and businesses are not provided with the right level of skills in the right areas, which damages their own performance, as well as the competitiveness of the country in general.

**Enterprises and human capital development, education and business partnerships**

- With Montenegro approaching the completion of its market-oriented reforms, more serious consideration by both state and enterprises to training specifically for enterprise growth (where jobs and wealth are created) is required. The question draws particularly on EC policy recommendations on ‘skills for growth’ within the monitoring framework of the Small Business Act for Europe. The ETF will assist the Montenegrin Employers Federation in bringing forward a number of policy improvement points which the public education, training, employment and enterprise policy makers may consider in the bid to ensure a better fit between supply and demand for vocational training. The project will develop a training module around the areas of e-skills for businesses as a demonstration example for policy makers and the world of enterprise as to why skills investment in growth companies is important for Montenegro in promoting a ‘growth and jobs’ policy dimension. The results of the project will be shared with counterparts from the region.
The ETF will undertake a further assessment of Montenegro’s performance on the human capital dimensions of the European Small Business Act (entrepreneurial learning and small enterprise skills). The 2009 assessment will be made available in Spring 2010 in a report which will include the a wider assessment of the country’s enterprise policy and jointly published by the European Commission, ETF, EBRD and OECD. The 2009 assessment will include an assessment of the country’s promotion of entrepreneurship in higher education as well as efforts to promote training for women entrepreneurs.

the ETF will conduct a stock-taking exercise on education and business cooperation in Montenegro with the aim of identifying key policy priorities and areas for improvement.

The above thematic strands of action will be reinforced by a new type of ETF country reviews for Montenegro, Albania and Serbia, as requested by DG Employment in view of the possible granting of candidate country status. The country reviews have been envisaged as an input into the IPA human resource development programming process of the EC. Their aim is to provide a concise qualitative analysis, underpinned by statistical data and key indicators, on the ability of VET systems to produce the learning outcomes that are needed to improve employability, economic performance, sustainable development and equity in the countries, both in a short- and a medium-term perspective. The country reviews will be wide in scope and deal with all relevant human resource development priorities, so that can serve as useful background national policy documents. Out of these overall possible national priorities, a set of more concrete operational priorities could then be chosen to feed into the IPA programming exercise. The country review for Montenegro is the first one to be produced (due by end of May 2010) and will serve as a pilot exercise for DG Employment and the ETF with regard to the implementation of the new analytical and conceptual framework.

For all the above themes, the ETF will consider cross-cutting issues such as the promotion of equal opportunities, including gender mainstreaming, the involvement of the social partners, lifelong guidance, sustainable development principles and the contribution of skills to poverty reduction.

ETF support in the identified priority policy areas will be provided by means of a range of interventions:

Support to policy learning and capacity building: the involvement of local stakeholders in a policy learning process comprises the ETF’s principal intervention approach in Montenegro and sets the general framework for local capacity building in policy development, policy pursuit and policy progress review in the human capital development sector. Provision of tailor-made external expertise and consultancy, mutual learning and exchange of experience and good practice between Montenegro and the EU, as well as between Montenegro and partner countries will continue to be key tools of the policy learning exercises in the country supported by the ETF. Policy learning until 2012 will focus mainly on conceptual and instrumental learning in the field of teacher preparation, unemployment reduction and enterprise-based skills enhancement.

Country intelligence and policy analysis: provision of evidence-based analyses on country or cross-country policy reforms to inform the decision-making process in Montenegro. As outlined in 4.3, these will include thematic analyses, based mainly on qualitative approaches and underpinned by quantitative data. In addition to feeding into the national policy-making process and facilitating the delivery of relevant and effective interventions by the European Commission, ETF analyses will also be made available to a wider national and international public – experts from the private and the civil society sectors, donors, other interested parties – who will be able to benefit from the their analytical information.

Dissemination and networking: facilitation of dissemination and exchanges of information and experience within the national and the international networks. ETF assistance to Montenegro in 2010-12 will further strengthen established nets of relevant country stakeholders, which include public institutions, social partner organisations, public and private providers of education, training and employment services, donors, NGOs. The ETF will also continue to use these networks as platforms for consultation, as well as for presentation, validation and dissemination of new information and experience gained. Furthermore, ETF will encourage and support the involvement of Montenegro in regional and cross-regional networking through the ETF regional initiatives (see 4.5.3 below) and ETF corporate events. On the other hand, in the last 15 years the ETF has accumulated sound experience from its work with the new EU Member States and it will be also made available and disseminated in Montenegro. Good and/or bad practices originating from the preparations for accession of the countries from the fifth and the sixth EU enlargement can inspire policy development and implementation also in Montenegro.
Input to Commission sector programming and project cycle: support to the European Commission in
the design and deployment of external assistance to Montenegro in the framework of the EU
enlargement process. The ETF will provide background information (country, regional and thematic
analyses) to feed into IPA programming, into IPA reporting exercises and into regional policy dialogue
processes, such as the Union for the Mediterranean. The preparation of human resource development
country review for Montenegro in 2010 as a preparatory step for the eventual opening up of the IPA
Component IV programming cycle is the key exercise in this regard. Upon request of the relevant EC
services, the ETF will also provide direct inputs to the EC project cycle and sector policy support
programme preparations in Montenegro.

With due respect for the national context and specificities, while also aiming to achieve supranational
complementarities and synergies, ETF support for Montenegro will include a blend of interventions at
two levels – at a country-specific and at a regional one:

ETF support measures at country level (2010-12)
- Country human resource development review: an in-depth country review with recommendations
  for future areas of EU intervention, focusing on employment and active labour market measures,
education and training in the context of lifelong learning and social inclusion will be conducted
following a request from DG Employment
- VET system development through improving teacher education and continued professional
development: engaging the national authorities in determining policy options for teacher training
set against the EU’s recommendations for key competence for lifelong learning and for inclusive
education
- Evidence-based policy advice for combating long-term unemployment: in-depth study to focus on
  the reasons behind long-term unemployment as a chronic problem with severe social and
economic implications and on proposals for preventive and remedial actions
- Skills for competitive businesses: development of policy and pilot human resource development
measures to support growth enterprises engaged in or with the potential to engage in regional
and EU trade; particular emphasis will be given to SME management skills by way of clusters or
specific sectors to be identified by the national authorities and in keeping with the Small Business
Act for Europe.

ETF support measures at regional and multi-country level (2010-12)
- In addition to their involvement in the country-specific interventions, Montenegrin stakeholders will
  participate in a number of ETF regional initiatives that complement and reinforce the work done at
  country level:
  - ‘Turin Process’ exercise: participation in an ETF-launched process meant to produce an overview
    of VET reform in the partner countries, to identify key trends and gaps and to assess the extent to
    which EU policy developments in education and training are a point of reference and inspiration
    for partner country reforms.
  - Education and business study: the objective of the study is to review and analyse co-operation
    between education and business in the partner countries and to pave the way for enhancement.
The study will provide a concise, documented analysis of education and business cooperation in
each country, including the identification of key policy trends, challenges and needs, good practice
and opportunities.
  - Mutual learning: this ETF multi-country project aims to promote policy learning and develop
decision-making in the area of a) quality assurance in vocational education and training (VET), b)
post-secondary VET and tertiary professional education, and c) adult learning. A ‘community of
practice’ for each of the three areas comprising policy makers and experts has been mobilised to
bring forward policy developments.
  - Entrepreneurial learning: the ETF will undertake a further assessment of the country’s
performance on the human capital dimensions of the European Small Business Act
(entrepreneurial learning and small enterprise skills). The 2009 assessment will be made available
in Spring 2010 in a report which will include a wider assessment of the country’s enterprise policy
and jointly published by the European Commission, the ETF, EBRD and OECD. The 2009 assessment will include an assessment of the country's promotion of entrepreneurship in higher education as well as efforts to promote training for women entrepreneurs.

- **Social Inclusion:** the ETF multi-country project aims to promote the support for social inclusion through the development of long-term inclusive and intercultural education and training policies. The project focuses on capacity building of national stakeholders in the Western Balkan countries to establish and develop inclusive education systems and, more particularly, on the role and competences of teachers in multiethnic societies.
5. **IPA-2010-12 Country Project Montenegro**

<table>
<thead>
<tr>
<th>Specific objectives</th>
<th>Expected results</th>
<th>Themes &amp; functions being addressed</th>
<th>Activities</th>
<th>Project outputs</th>
<th>Timetable</th>
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<tbody>
<tr>
<td>Objective 1</td>
<td>To assist the IPA programming cycle as requested by the Commission, by engaging national authorities and other partners involved in the process</td>
<td>1. ETF country review, outlining key issues and challenges related to education and training in a lifelong learning perspective, employment, and social inclusion, as an input in the IPA HRD programming process 1.2 Other contributions to IPA programming as requested by the Commission</td>
<td>1.1.1 Research, fact finding missions, drafting, consulting at national meeting, and completing the country review 1.2.1 Responding to requests by the Commission and the EU Delegation for other contributions to IPA programming</td>
<td>Country review available National report on E&amp;B cooperation</td>
<td>Final version of the report in May; publication in September Final version of the report in July As requested</td>
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</tbody>
</table>
### Objective 2

To enhance country’s capacity to analyse and interpret trends and challenges, as well as to design, implement, evaluate and review evidence-based policies in human capital development with specific reference to the area of key competences for lifelong learning, long-term unemployment and enterprise skills development.

#### 2.1 Improved capacity of the Ministry of Education and Science, VET Centre and the Bureau for Education Services to revise models and methods for in-service teacher training in the field of key competences

- **Themes A, B and C; functions 2 and 3**
- **Key competences**
- **initiation meeting conducted**
- **Working paper delivered**
- **Working paper delivered**
- **Training programme developed and training sessions delivered**
- **Guidelines delivered**
- **Workshop conducted**
- **TOR developed**
- **Contract awarded**
- **Kick-off meeting conducted**
- **Draft study submitted**
- **Seminar conducted**
- **Final versions of the study in English and Montenegrin available**
- **Training programme produced**
- **Training sessions carried out**
- **Awareness-raising tool available**
- **Meeting conducted**

#### 2.2 Policy learning and improved capacity of the Ministry of Labour and Social Policy and the Employment Agency to address the challenges of long-term unemployment.

- **Themes A, B and C; functions 2 and 3**
- **Key competences**
- **initiation meeting conducted**
- **Working paper delivered**
- **Working paper delivered**
- **Training programme developed and training sessions delivered**
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- **Awareness-raising tool available**
- **Meeting conducted**

#### 2.3 Improved capacity to assess and provide for the needs of enterprise-based human capital to ensure that the country’s businesses are willing and able to take the growth route.

- **Themes A, B and C; functions 2 and 3**
- **Key competences**
- **initiation meeting conducted**
- **Working paper delivered**
- **Working paper delivered**
- **Training programme developed and training sessions delivered**
- **Guidelines delivered**
- **Workshop conducted**
- **TOR developed**
- **Contract awarded**
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### Timeline

<table>
<thead>
<tr>
<th>Activity</th>
<th>Month/Quarter</th>
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<tbody>
<tr>
<td>2.1.1 Kick-off meeting of the project on Key competences</td>
<td>April</td>
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<tr>
<td>2.1.2 Analysis of VET curricula and observation of teaching key competences in VET schools</td>
<td>April-May</td>
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<tr>
<td>2.1.2 Analysis of in-service training of teachers for teaching key competences in VET schools</td>
<td>May</td>
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<tr>
<td>2.1.3 Design of training modules and training sessions for VET teachers</td>
<td>June</td>
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<tr>
<td>2.1.4 Drafting of guidelines for in-service training for key competence teaching on the basis of the training delivered</td>
<td>July and September</td>
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<tr>
<td>2.1.5 National workshop to validate and finalise the guidelines</td>
<td>September</td>
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<tr>
<td>2.2.1 Drafting TOR for a study on long-term unemployment</td>
<td>October</td>
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<tr>
<td>2.2.2 Selection of a contractor to carry out the study</td>
<td>November</td>
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<tr>
<td>2.2.3 Kick-off meeting with the contractor and submission of an inception report</td>
<td>December</td>
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<tr>
<td>2.2.4 Carrying out empirical research and drafting of the study</td>
<td>January</td>
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<tr>
<td>2.2.5 Submission of the draft version of the study and its consultation at a national seminar</td>
<td>February</td>
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<tr>
<td>2.2.6 Finalisation of the study and translation into Montenegrin</td>
<td>February-March</td>
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<tr>
<td>2.3.1 Design of a customised training programme based on the TNA conducted in 2009</td>
<td>March-April</td>
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<td>2.3.2 Delivery of training sessions</td>
<td>April-May</td>
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<tr>
<td>2.3.3 Design and production of a high visibility tool for awareness-raising on the value and potential for development of staff within the enterprise growth in Montenegro</td>
<td>May-August-October</td>
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<tr>
<td>2.3.4 Organisation of a cross-regional meeting for sharing the experience gained</td>
<td>June-November</td>
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