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The Evaluation of Active Labour Market Policy in Montenegro



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SUMMARY

There is a general agreement that unemployment is one of the most difficult economic and social problems for the community and its affected individuals. Unemployment is a loss of production and income, it causes high fiscal costs, contributes to a significant breakdown of human capital, and increases inequality in society because in crisis conditions the unemployed lose more than employees. For those affected, unemployment causes significant psychological burdens, leaving the impression of uselessness and hopelessness, and finally creates social exclusion. An active labour market policy can help to reduce the mismatch between supply and demand primarily by reducing occupational and spatial mismatches between supply and demand of the labour force and increasing labour market transparency. An active policy is not or should not be a set of universal employment measures aimed at all, but only to the most vulnerable. The importance of employment and the difficulties of unemployment are explained in the first part of the evaluation.

Unemployed people are a very heterogeneous group, which differs significantly in age, education, knowledge, willingness to adopt new knowledge and employability (how interesting they are for a potential employer), so unemployment is their only common characteristic. Therefore, individual measures of active employment policy have different goals depending on their approach to economic and social problems, as well as various methods and tools of implementation. The typology of active employment measures is contained in the second part of the evaluation, while the subject of the third part focuses on similarities and differences of active employment policy in the EU and its positive effects.

Opportunities and limitations of an active employment policy are presented in the fourth part of the evaluation, while the fifth part contains basic indicators about Montenegro and its labour market. An overview and an analysis of the existing measures of the active employment policy in Montenegro are presented in the sixth part, while the seventh part provides a brief overview of previous evaluations and analyses of the labour market in Montenegro. The assessment and evaluation of selected measures and answers to questions contained in the Terms of Reference are provided based on the results of focus groups with employees of the Employment Agency of Montenegro and questionnaires with unemployed persons and educational institutions. The final part of the evaluation includes suggestions for improvement for all and for individual selected programmes and a conclusion.

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1 THE IMPORTANCE OF EMPLOYMENT

Employment plays a fundamental role in every society. People are often defined, and define themselves, through what they do for a living. Sociological and economic studies emphasise that not only is employment a primary source of status in every country, but it is also significant in providing purpose, income, social support, structure to life and a means of participating in society. Many people in Montenegro are unemployed and/or with low employability, so they are seriously exposed to economic poverty and social exclusion. Labour is generally considered to be the best form of social protection, so increasing the employment rate has become a key goal of social policy as well as labour market policy. For most unemployed people, unemployment is a dynamic transient state, but for some it becomes a permanent feature. This is especially relevant for Montenegro, where a large part of the working age population is long-term unemployed.

There is a general agreement that unemployment is one of the most difficult economic and social problems for the community and its affected individuals. Unemployment is a loss of production and income, it causes high fiscal costs, contributes to a significant breakdown of human capital, and increases inequality in society because in crisis conditions the unemployed lose more than employees. For those affected, unemployment causes significant psychological burdens, leaving the impression of uselessness and hopelessness, and finally creates social exclusion. If people are employed, they are much less likely to be poor than if they are unemployed. The aim is therefore to ensure a better position for people by working and exercising the right to a salary, instead of receiving assistance and benefits in the unemployment system. Unfortunately, in Montenegro, as in many post-transition countries, many people are unemployed and/or with low employability¹, which puts them at risk of economic poverty and social exclusion.

1 According to International Labour Organisation (2016a) employability is defined very broadly. It is the effect of quality education and training, but also other activities. It implies knowledge, expertise and ability for a person to get and keep a job, make a professional promotion, find another job if he or she is fired, or enter the labour market at different periods of his or her work and life cycle. At the same time, it includes the existence and improvement of knowledge and problem-solving skills, communication skills, analytical skills, interpretation of data and their critical evaluation, and the ability to use effectively available time and teamwork. Individuals are most employable when they have a broad knowledge and skills, basic and specialist knowledge, including the ability to work in a team, information and communication technology, and skills and knowledge of foreign languages and communication. This combination of knowledge and skills allows people to adapt to changes in the world of work. Every employer values its employees differently. Some particularly value loyalty, while others value the innovation and active participation of their employees more. Employers demand more than a good formal education from their employees. Despite the existence of subjective requirements of an individual employer, there are a large number of generally required characteristics such as reliability, maturity and seriousness, commitment to work, desire and willingness to acquire new knowledge and improvements, communication skills, willingness to be a useful member of the working team and other. Education is undoubtedly an important determinant of employability in the labour market, but it is not a guarantee that a person with the best education will be employed. The workforce should be willing to make independent decisions, take risks, process information and solve problems, and participate in teamwork. In the conditions of a rapid technological development and business based more and more on conceptual, and less and less on material production, school diplomas and academic titles do not longer guarantee economic success to individuals or society as a whole. Individuals are most employable if they have a very broad education and diverse skills, basic and transferable highly professional knowledge and skills, including teamwork, problem solving, knowledge of information and communication technologies (ICT) and communication and language skills, ability to acquire and learn new skills and the ability to protect themselves and their colleagues from occupational hazards and diseases. Such a combination of skills allows them to adapt to constant and rapid changes in the world of work. Employability also includes the various skills needed to secure and maintain a good job. Only when employees realise that they are required to have adaptable skills, expertise and knowledge and that they are rewarded in the world of work, then they will become motivated to actively participate in further education, especially in lifelong learning and training. Employability is not a static and/or immutable category: it changes over time, with the level of economic and social progress, economic conditions, according to a market competition as well as to the external environment, technical and technological changes and improvements and other impacts.

The labour market is not perfect so at the same time there is open unemployment and unfilled demand for workers. This means that there is a space and reason to improve the functioning of labour markets, primarily by reducing the gap between demand and supply for labour, and thus lowering open unemployment. The Active Labour Market Policy (ALMP) or the Active Employment Policy (AEP) can help relieve (reduce) the structural (frictional) imbalance between supply and demand primarily by decreasing the professional and spatial mismatch and increasing the labour market transparency.

The most important instruments of active labour market policy for improving the situation are skilling, training and retraining, information and advice with regard to the demand for work and selection in employment on the one hand, and facilitating employment on the other. The ALMP measures are occasionally considered to be a panacea (a remedy for all diseases) for higher employment and consequently lower unemployment. Sometimes an image is created that unemployment could be addressed immediately, only if there were sufficient funds available to implement these measures (Neubauer, 2002). It seems much more appropriate for middle-developed countries like Montenegro to invest in the “quality” of ALMPs than in their quantity. Quality in this context means a coherent framework of measures with clearly defined components that mutually reinforce each other in mitigating the emergence of long-term unemployment and helping people who are already long-term unemployed.

At the same time, active employment policies are primarily intended for activation and employment of those unemployed (i.e. groups of unemployed) who have the most difficulties with employment. **An active policy is not (or should not be) a set of universal employment measures intended for everyone.** These measures aim to improve access to employment of certain vulnerable groups, and allow them to preserve their links to the labour market, to facilitate them in finding a job and increase the probability of their retention in the labour market.

ALMP measures can redistribute employment opportunities so that fewer people become long-term unemployed and/or recipients of assistance in the social welfare system. When the total employment possibilities are given, it would mean allocation of the burden of unemployment to more people (assuming that as a result of political intervention not the same persons are affected by unemployment at different time intervals). More favourable effect of ALMP can be an increase in total employment than the redistribution of unemployment to more people. The economic theory states that ALMP has very weak and/or almost no direct impact on total employment, but if it can obtain results in labour inclusion of long-term unemployed or recipients of social welfare benefits, then it improves the effectiveness of the labour supply. Therefore, the inclusion of long-term unemployed and prevention of long-term unemployment are certainly worthwhile. In addition to paid employment, at the same time there are other useful activities that may be the way to social inclusion (integration) as well as personal fulfilment and confirmation. Briefly, prevention of long-term and recurrent unemployment would be the most important contribution to the prevention of poverty and social exclusion, especially for beneficiaries in the social welfare system.

2 TYPOLOGY OF THE ACTIVE LABOUR MARKET POLICY

Unemployed people are a very heterogeneous group, which differs significantly in age, education, knowledge, willingness to adopt new knowledge and employability (how interesting they are for a potential employer), so unemployment is their only common characteristic. Therefore, individual measures of active employment policy have different goals depending on how to approach economic and social problems, as well as different methods and tools of implementation. Bonoli (2010) distinguishes four ideal types of active employment policy, which are shown in Table 2.1.

Table 1 Four ideal types of active labour market policy

Type	Goal	Means and tools
<i>Incentive reinforcement</i>	<ul style="list-style-type: none"> ↳ Strengthen positive and negative work incentives for people on benefit 	<ul style="list-style-type: none"> ↳ poreske olakšice, naknade za zaposlene ↳ vremenska ograničenja trajanja naknada ↳ smanjenje naknada ↳ uslovljavanje vjerovatnost naknada ↳ sankcije
<i>Employment assistance</i>	<ul style="list-style-type: none"> ↳ Remove obstacle to employment and facilitate (re-)entry into the labour market 	<ul style="list-style-type: none"> ↳ službe zapošljavanja ↳ subvencije za zapošljavanje ↳ savjetovanja ↳ programi traženja posla
<i>Public works and workfare</i>	<ul style="list-style-type: none"> ↳ Keep jobless people occupied with mandatory participation in public works and the realisation of community service, limiting the deterioration of human capital during periods of unemployment ↳ The system of job creation in the public sector ↳ Skilling, training and educational programmes that are not related to employment ↳ Investing in human capital ↳ Enhance employability 	<ul style="list-style-type: none"> ↳ model otvaranja radnih mjesta u javnom sektoru ↳ programi usavršavanja i osposobljavanja koji nijesu vezani uz zapošljavanje
<i>Human capital investment</i>	<ul style="list-style-type: none"> ↳ Improve the chances of finding employment by upskilling jobless people 	<ul style="list-style-type: none"> ↳ basic education ↳ vocational training

Source: Bonoli, (2010)

The first type of ALMPs, incentive reinforcements, encompasses the measures that aim to strengthen positive and negative work incentives for benefit recipients. This can be obtained in different ways, for example, by reducing the duration and lowering amount of benefits and by conditioning on the mandatory participation in work-schemes and/or other labour market programmes. The second type of ALMPs consists of measures aimed at removing obstacles to labour market participation, return and maintaining on the labour market. It contains public employment services and other placement services, job subsidies, counselling, etc. (what has been preventively implemented in Scandinavian countries). The third type

of measures is oriented to mandatory participation of jobless people in public works and realisation of community service, what prevents deterioration of human capital during periods of unemployment. The fourth type of ALMPs insures upskilling of unemployed people by improving and/or reobtaining their knowledge, skills and capabilities, particularly for those whose skills have become obsolete or forgotten.

Of course, different programmes should have a variety of effects. In case of education and training, this should be achieved because of increased employability due to the acquired new knowledge, skills and abilities. In case of subsidised (co-financed) employment, hiring such people is financially more attractive for employers compared to other unemployed persons who are not subsidised. In the case of public works, a positive effect can be achieved thanks to the active involvement in the community and the world of work. These programmes enable participants to acquire skills, experience and knowledge after long periods of inactivity and facilitate creation of social networks which are all necessary to successfully find a job.

A small difference in classification of ALMPs measures is presented in Labour Market Policy Methodology 2013 by EUROSTAT (2013) that leads the database on active labour market policy measures. It includes all ALM interventions classified by type of action with the goal to improve the efficiency of the labour market and correction of labour imbalances. Public interventions cover all other services and activities implemented by the government regarding financing of the measures, either in the form of actual disbursements or foregone revenue (reductions in taxes, social contributions or other charges normally payable). A general government should include central government, state/regional government, local government and social security funds. In many cases the direct recipients of the public expenditure may be an employer or service provider but the final beneficiary of the actions must always be a member of an ALMP target group. There are three different types of intervention:

- **Services** - refer to labour market interventions where participant's main activity is job-search related and where participation usually does not result in a change of labour market status. Services also cover functions of the public employment services (PES) that are not directly linked to participants. This includes placement and other services for employers, administrative functions, general overheads and other activities depending on the PES responsibilities.
- **Measures** - refer to labour market interventions where participant's main activity is other than job-search related and where participation mostly results in a change in labour market status. An activity that does not result in a change of labour market status may still be considered as a measure if the intervention fulfils the following criteria: 1) the activities undertaken are not job-search related, are supervised and constitute a full-time or significant part-time activity of participants during a significant period of time; 2) the aim is to improve the vocational qualifications of participants; or 3) the intervention provides incentives to take up or to provide employment (including self-employment). The database covers, primarily, government interventions that provide temporary support for groups that are disadvantaged in the labour market. Most measures are aimed at activating the unemployed, helping people move from involuntary inactivity into employment, or maintaining the jobs of persons threatened by unemployment. The only measures included in the database that do not provide temporary support relate to the provision of ongoing support for persons with permanently reduced working capacity. In this case it is recognised that public support may be needed to counteract the reduced productivity or other overheads associated with such persons, who would otherwise be uneconomic to employ.
- **Supports** - refer to interventions that directly or indirectly provide financial assistance to individuals for labour market reasons or which compensate individuals for disadvantage caused by labour market circumstance. The participants are usually persons who are out of work and actively seeking work.

According to the mentioned EUROSTAT publication (Table A, page 13) active labour market policy contains five groups of measures that are further explained. These are:

- **Training** – enables adjustment of the labour supply and demand in the conditions of structural imbalances. There are some vacant jobs and/or the lack of adequate worker(s) hinders the creation of new jobs despite the market demand for the product and the available capital to start the production. Additional effect is possible to improve the working capacity of vulnerable groups among the unemployed in order to improve employability and equalise opportunities with other people.
- **Employment incentives** - there is a danger of a workplace where productivity corresponds to the amount of a full wage; because of lower costs such subsidised jobs can squeeze out similar jobs in competing firms. Subsidised employment can be a form of equalisation of opportunities for employment of vulnerable groups so that they become more attractive to employers, although they are at disadvantageous position in the labour market. Various forms of subsidising apprenticeships and professional practices that facilitate the transition from education into work can be also classified.
- **Sheltered and supported employment and rehabilitation** – cover measures that aim to promote the inclusion and participation of persons with disabilities into the labour market and into society. With employment such persons gain financial security, greater autonomy and improved self-reliance, they are perceived differently in society, and with an appropriate system of professional (labour) rehabilitation many people with disabilities can be equal members of society and contribute to their own and the general well-being, instead of only being recipients of aid and beneficiaries of various forms of support and benefits. Therefore, the European Disability Strategy (2010-2020) has been adopted as well as other relevant documents related to anti-discrimination policy.
- **Direct job creation** - covers measures that create additional jobs, which would not exist or be created without public intervention (i.e. the jobs are additional to normal market demand). The jobs are created in order to provide an opportunity for persons to maintain an ability to work, to improve skills and generally increase employability, and typically involve work of benefit to the community. Sometimes these jobs have been created with a lower productivity than the amount of the total wages paid to the workers. It is hoped that the productivity of such workers will increase with time so that their jobs will be maintained when subsidies stop, but there is no a guarantee. If the job is permanently linked to lower productivity, it usually turns off when stimulus stops.
- **Start-up incentives** – include measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed. Net to the money for start their own business, these incentives usually contain certain obligations and risks that are sometimes hard to cover. At the same time, the unemployed persons in self-employment often show excessive and/or insufficiently based entrepreneurial optimism because they usually did not analyse and realistically assess probabilities of their business success. Sometimes they lack the entrepreneurial spirit, determination, knowledge, and almost always entrepreneurial experience.

An important issue in the ALMP measures is how to define the target group, and the EUROSTAT database focused primarily on interventions that also include people with disabilities in the labour market. This specification allows the distinction between the labour market and general employment on the one hand and social protection and fiscal policies on the other hand, which may have similar goals in terms of promoting employment, but do so in a non-selective manner to the overall population.

3 SIMILARITIES AND DIFFERENCES IN ACTIVE LABOUR MARKET POLICY IN THE EU AND ITS POSITIVE EFFECTS

The condition of employment or the lack of it and the solutions for it - like the active labour market policies - vary from one to another EU Member State. Esping-Andersen (1990) distinguishes three basic models of social policy, and hence of employment policies:

- The first is the neoliberal, in which the emphasis is on the effectiveness of the market, a restrictive assistance policy and in which there is great social stratification (e.g. in the UK).
- The second is the social-democratic, in which there is little stratification, the public welfare system is very developed, the state provides direct protection or financially assists members of society at risk and attempts to improve their quality of life and enable them to participate fully in the labour market or to have security during times of unemployment (the Scandinavian countries, for example).
- The third is the corporate model, in which there is also high stratification, while government intervention is provided via market regulation or financial assistance (for example, France and Germany). There are considerable differences in unemployment rates from country to country, as well as in unemployment structure, average length of unemployment and attitude to the unemployed, and it is hard to speak of any average situation in the EU. In principle, the countries that we have termed social-democratic and that are systematically carrying out an active employment policy (mostly via further training, retraining and professional qualifications for the unemployed, as well as joint financing of the difficult to employ) have lower rates of unemployment (at the end of the 90s, about 6% in Sweden and Denmark).

This typology could be supplemented with a fourth group of the Mediterranean countries - Spain, Portugal, Greece - that are characterised by high unemployment rate, lower level of development of public services and lower coverage rates in ALMPs. Active labour market policy can help mitigate (reduce) the problems on the labour market, primarily by reducing the professional and spatial imbalance between supply and demand, by increasing the transparency of the labour market and by enhanced employability of job seekers. Training can improve educational and qualification structure of unemployed persons, improve their capabilities and occupational mobility. At the same time, education is helping the unemployed to purposefully utilise available time and to preserve previously acquired knowledge and skills.

The participation of the active population in training and professional development as a part of ALMPs promotes economic development. Such measures need to pay particular attention to the long-term unemployed in order to prevent that they forget the existing and acquire new knowledge and skills.

In addition to professional training, many countries have developed different social-psychological programmes to decrease the burden of long-term unemployment. For people who have low education attainments and/or low employability public works are organised, which sometimes also have certain level of obligations (workfare).

Conventional welfare programmes allow the recipients of unemployment and welfare benefits to choose their hours of work. An alternative scheme is workfare. Able-bodied individuals receive transfer payments only if they agree to participate in work-related activity and accept employment offered. Workfare is a system that requires work-based activities as a condition of claiming benefits. It should ensure that welfare recipients follow a regular, work-based structure to their lives every day and that they do not have long gaps in their work histories. This should prevent them from becoming defeatist and ill-disciplined and make them more employable. It should also encourage people to take private sector jobs, preventing dependency on benefits in the first place. Although public works in the long-term are not optimal way to lower open unemployment and enhance the employability of participants, they can be useful in improvement of their financial position and lowering the feeling of social exclusion.

The economic and social benefits of training and skilling of employed and unemployed are important as they enable reducing unemployment, improve the competitiveness of the firms, sectors and the economy as a whole, provide a sense of social engagement and can help adults re-enter the learning cycle. In equity terms, the unemployed and those who have not succeeded in the compulsory education system require access to publicly-funded adult training schemes, but the track record of such schemes in improving the employment prospects of disadvantaged adults has been generally poor. However, according to the best practice and various positive experiences, one can assess the characteristics leading to positive training and skilling effects (Table 2).

Table 2 Characteristics leading to positive effects of active labour market policies

Country	Characteristics
<i>Czech Republic</i>	Measures of active labour market policies linked to shortening of receiving period for unemployment benefits have positive impact on the probability of finding a job and are relatively costly efficient if they are targeted towards unemployed persons with low level of employability.
<i>Denmark</i>	There is a very large share of participants in active labour market measures and low rates of long-term unemployment. Nevertheless, participants with higher levels of qualification benefit more from measures than people with lower qualifications. Very low share (about 5%) of costs for the first intervention.
<i>Germany</i>	The effects of training favour men over women. Training and skilling are most effective for long-term persons that waited for employment less than two years, while co-financing and employment subsidies are more efficient for persons that waited for employment more than two years.
<i>Greece</i>	Age and qualification level exercise a positive influence on education. Also a positive correlation between labour force participation and training. Despite serious problems on the labour market, the expenditures for ALMPs are very low, below 0.2% of GDP.
<i>Italy</i>	The probability of finding work through the Higher Technical Education and Training Initiatives was higher for men than women and people with tertiary qualifications rather than those with secondary level qualifications.

Country	Characteristics
Latvia	The Public Works 100-Lats-programme was efficient in activation, helping and employment of persons with lower employability whose unemployment benefit expired or did not have a right to unemployment benefit. The participants maintained and acquired new skills and capabilities, have less negative psycho-social consequences of unemployment, and participation in the Programme helped them in solving financial problems. Little bit less than one quarter of participants found a job during the Programme or in the period of six months after the exit from the programme.
Norway	The accumulated gain (five years post training) for women is greater than the cost of training.
Poland	Skilling and training programmes are efficient in those areas where there was a need for economic restructuring related to obsolete industries and technologically backward agriculture. However, there have been cases where ALMP has had a negative effect as additional training courses have been offered to jobseekers with higher educational levels, who would find a job on their own anyway. Poland has achieved favourable results with self-employment programme.
Portugal	The returns on training are greatest for women, experienced workers and low skilled workers.
Rumania	Public works for less employable groups have contributed to a certain reduction of unemployment in economically depressed areas and helped in their economic development.
Slovenia	On-the-job training was effective for long-term unemployed people and those with lower employability. 11,518 people participated in the programme from October 2009 until the end of 2012. 12 months following programme participation, 63% of programme participants were employed by the same or another employer.
Sweden	Positive return especially for migrants, particularly women. Positive benefits for men who participated in the 'Knowledge Lift' programme. Training and skilling programmes have the strongest impact and the highest social return for persons with least experience on the labour market and those who are most vulnerable.
Great Britain	Returns to adults are significant and progressive beyond Level 2.
Velika Britanija	Povrat je značajan i povećava se za odrasle osobe bez i primarnim nivoom znanja (manje od 2).

Sources: Dar and Tzannatos (1999), Kluge, Lehmann and Schmidt (1999), Davies and Hallet (2001), European Employment Observatory (2007), Adda, Costa Dias, Meghir, Sianesi, (2007), Ghinararu (2012), Azam, Ferré and Ajwad, (2012), Card, Kluge and Weber (2015).

4 POSSIBILITIES AND LIMITATIONS OF ACTIVE LABOUR MARKET POLICIES

For decades, the directions of action of active employment policy have changed. The first was in the fight against unemployment in the 1930s, when public works created jobs. Around the 1950s and 1960s, when labour shortages were noted in developed countries, the manpower concept was developed, which invested in human capital and thus increased labour supply. With the outbreak of the oil crisis in the early 1970s, unemployment rose, so the problem of unemployment was primarily solved by passive measures, i.e. cash benefits during unemployment, early retirement, shortening working hours and increasing demand for labour. Over the last 40 years more attention was directed towards active measures and an obligation of unemployed persons to actively search for jobs - the so-called *activation*.

Generally speaking, labour market policy interventions act to increase the demand for the labour force on the one hand, and on the other to increase labour supply. Increasing labour demand can be achieved through direct job creation measures (Auer, Efendioglu and Leschke, 2008; Dar and Tzannatos, 1999; Bown and Freund, 2019), mobilisation of labour force, mostly by various interventions like public works (Auer, Efendioglu and Leschke, 2008; Dar and Tzannatos, 1999; Betcherman, Olivas and Dar, 2004; Bown and Freund, 2019). Betcherman, Olivas and Dar (2004) call that the stabilisation role in temporary creation of working places, while Lehman and Kluge (2010) add the prevention of the decline of human capital to this action. Also, most authors (Dar and Tzannatos, 1999; Betcherman, Olivas and Dar, 2004; Bown and Freund, 2019; Calmfors, Forslund and Hemstrom, 2001; Lehman and Kluge, 2010; Halpin and Hill, 2007) define subsidies to employers for employment as a means to increase demand for labour force. Auer, Efendioglu and Leschke (2008) include self-employment, while Bown and Freund (2019) include public works into the direct creation of jobs.

Labour supply is increased by interventions into strengthening human capital and adapting skills to the needs of the labour market, i.e. education, training, re-training, skilling, requalification and other measures (Auer, Efendioglu and Leschke, 2008; Dar and Tzannatos, 1999; Betcherman, Olivas and Dar, 2004; Calmfors, Forslund, and Hemstrom, 2001). Most authors (Dar and Tzannatos, 1999; Betcherman, Olivas and Dar, 2004; Calmfors, Forslund and Hemstrom, 2001; Bown and Freund, 2019; Lehman and Kluge, 2010) also cite the activities for a better functioning and more efficient labour market. That means better harmonisation of labour supply and demand, which is achieved through the intervention of the labour market service, mediation, and primarily job search assistance. Also, Lehman and Kluge (2010) cite integration and reduction of discrimination as additional functions for people with disabilities. Related to this, some less direct effects of labour market policies, but by no means negligible, also relate to other aspects of quality of life such as increased and/or improved social inclusion, health, and psychological impact (Martin, 2000).

A major problem of active employment policy is the sideeffects. These are situations in which, for various reasons, the positive effect of the intervention is missing or negative effect is recorded. Having in mind the incidence and scale of the problem, most evaluations in some context must mention the possibility and frequency of such negative aspects.

The most common in this context are the effects of “**dead weight**” and “**substitution**”. The “deadweight loss” effect represents the probability of employment of an unemployed person even without the existence of a measure. In other words, the same situation would have happened if there had been no programme, i.e. the allocation of financial resources for that purpose. Substitution means the employment of a subsidised person instead of another that is not entitled to the subsidy. In other words, this occurs when the employer hires a worker who is entitled to a subsidy at the expense of a worker who does not have that right, or when existing workers are replaced by those for whose employment subsidies can be used. This situation is also possible with self-employment programmes, i.e. start-up companies. It is important to note that the substitution effect can have a social justification in the case of hard-to-employ groups of the unemployed. These sideeffects can be mitigated by better targeting of the most difficult to employ groups of the unemployed, most of whom are long-term unemployed and/or those with the lowest employability.

Other authors (for example, Dar and Tzannatos 1999; Meager and Evans 1998; Betcherman, Olivas and Dar 2004) add “**displacement effect**”, which represents a situation when employment, which occurred as a result of the intervention, displaces the employment that would have happened if there had been no intervention. That is the situation when an employee for whom the company is not entitled to subsidy is replaced by another who has a right to subsidy. These are also job losses in companies that do not employ subsidised workers, and are forced to lay-off part of their workers under the pressure of competition that receives subsidies. This effect differs from the substitution effect in that the substitution effect mainly occurs within the same enterprise (Pierre, 1999). The negative effect of “relocation or crowding out” can be mitigated if only new employment or new jobs are subsidised, not just existing ones, and if the employer undertakes to keep the programme participants employed for some time after the end of the subsidy. (ILO, 2016).

“**Creaming effect**” could be added to this list (Brown and Koettl, 2012; Auer, Efendioglu and Leschke, 2008). This effect occurs when those who are easier to employ than other candidates are selected to participate in the programme. It means that those unemployed people from the target group who are more employable (the “cream” of unemployed people from the target group) enter the measure sooner. Mitigation of this effect can be achieved if the target group that will participate in the programme is described more clearly and in more detail (ILO, 2016).

“**The locking-in effect**” happens when the persons participating in the measure (programme) during that time reduce the intensity of job search or do not look for a job at all. This reduces their chances of finding a job compared to those who do not participate in the measure at all (van Ours, 2002). Also, situations are possible in which the participants of the programme or measure, due to possible sanctions or binding contracts, may not give up the participation in the programme. This can be mitigated by job search assistance during participation in the programme as well as by not including into the programme persons who have become unemployed relatively recently or have a high probability of finding of employment (ILO, 2016).

The International Labour Organisation (ILO, 2016) adds to this list three lesser-known effects: “**Carousel effect**” - when persons continuously leave the period of participation in the measure and unemployment, i.e. participants have used the measures on several occasions, but they were not employed. Mitigation can be achieved by stronger monitoring of participants after exiting the measure.

The churning effect means that an unemployed person participates in the measure and does not intend to be employed but participates so as not to lose the right to other rights, mainly unemployment benefits and social assistance. This effect can be mitigated by better targeting, counselling, motivation, job search monitoring or sanctioning.

Stigmatisation effect - if the measure is intended for the most difficult to employ people, they can be stigmatised, i.e. rejected by employers, which is why a better target and analysis of the effectiveness of the programme by employers is needed.

5 MAIN INDICATORS ON MONTENEGRO AND ITS LABOUR MARKET

Montenegro is a small Balkan economy (about 620,000 inhabitants). During the 1990s the economic activity of the population was at a very low level due to the disintegration of the former country, war and sanctions. Several years of mild economic recovery followed, again alarmed by external factors such as NATO bombing, as well as some political disputes between Serbia and Montenegro. The Montenegrin government has been pursuing a more independent economic policy since 1997 and has begun economic reforms, and the first signs of economic recovery have been seen relatively quickly. Montenegro voted for independence in a referendum in 2006, and became an independent state in June 2006. At the end of 2008, Montenegro applied for EU candidate status, and in December 2011 the Council launched the accession process with the aim of opening negotiations in June 2012. Accession negotiations with Montenegro began on 29 June 2012, with opening of negotiation chapters. The country enjoys broad support from EU officials, and the country’s accession to the EU is considered possible by 2025. In its 2016 assessment of accession progress, the European Commission identified Montenegro as the highest level of preparation for membership among the negotiating economies.

After a large drop of GDP in 1999 (9.4%), economic growth rates in Montenegro were very favourable (as much as 8.6% in 2006), but in 2009 a decline of 5.8% was recorded. After a relatively slight decline of 2.7% in 2012, and until the outbreak of the crisis caused by COVID-19, Montenegro has achieved very high economic growth rates of 4.7% in 2017 and 5.1% in 2018 (World Bank, 2021). In 2020, GDP per capita based on PPP for Montenegro was 19,931 international dollars. GDP per capita based on purchasing-power-parity of Montenegro increased from 8,518 international dollars in 2001 to 19,931 international dollars in 2020 growing at an average annual rate of 4.74% (kroena.com, 2021). Thus, according to the Institute for Strategic Studies and Forecasts (2010), Montenegro was among the countries with the highest economic GDP growth in the world, which created opportunities and brought significant improvements in the social picture of the economy (Kaludjerović, 2011). According to the World Bank (2021), Montenegro recorded one of the deepest recessions in Europe in 2020 due to the absence of tourism season caused by the COVID-19 pandemic, and the contraction of the economy has been estimated at 15.2%. At the same time, the number of unemployed increased from 37,616 in December 2019 to 47,509 in December 2020.

Montenegro has the highest wage level in all of Western Balkan economies. The average wage is about 54% of wages in Austria and higher than in Hungary or Bulgaria, but the distribution of wages is very unequal. Thus, Montenegro has the highest incidence of low-wage workers in the Western Balkans of 27%, up to an EU average of 17% (MOR, 2019). Therefore, poverty in Montenegro is quite high, at-risk-of-poverty rate amounting to 24.5% in 2019, and there are significant differences in the extent of poverty between regions (Monstat, 2020). The situation is favourable in the South and in the Central region, and much higher poverty rates are in the North of the economy. Poverty in Montenegro has a multidimensional character: it is characterised by long-term poverty; living conditions below standards;

unavailability of basic services; lack of education, very low employability and distance from the labour market. Poverty is directly related to person's position on the labour market.

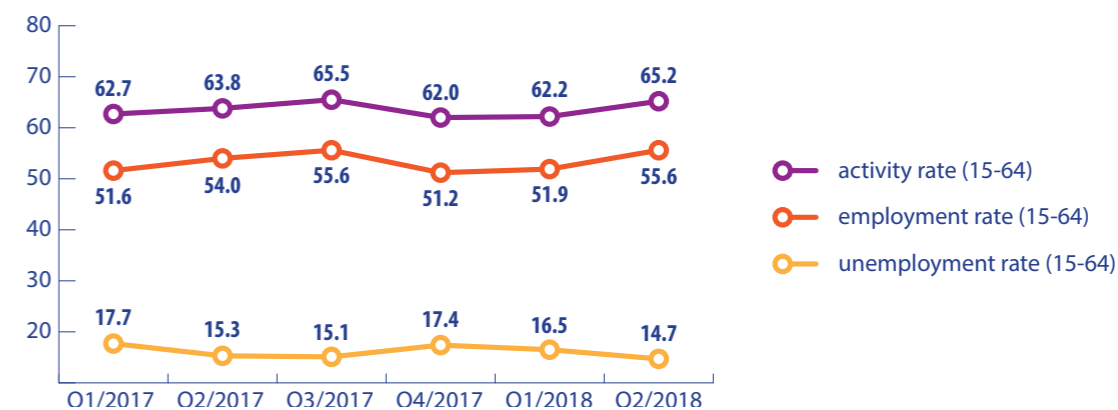
Montenegro has received € 507 million in the development aid by 2020 from the Instrument for Pre-Accession Assistance, a funding mechanism for EU candidate economies. Montenegro has adopted a significant part of the *acquis*: the Action Plan for Chapter 19 of the EU membership negotiations. The Montenegrin government's strategic documents address the issue, stressing the need for further reforms in labour market policies, in particular activation measures for the unemployed. The European Commission's 2016 Progress Report highlighted the need to further improve the implementation of active employment policy measures in the labour market and legislation that insufficiently motivates women's participation in the labour market (European Commission, 2016). The 2018 Report highlighted the need for further improvements in the area of employment policy (European Commission, 2018). The Ministry of Labour and Social Welfare (2015) states that the economy achieves economic growth without increasing employment, so an active employment policy can offer opportunities to the unemployed to acquire new knowledge or retrain. It is more than praiseworthy how the Ministry and the Government adopt annual action plans for employment and human resources development in which the tasks and their implementers are clearly defined. The process of alleviating unemployment is not easy nor can results be expected in the short term, but a clear decision to improve the situation is still being shown.

The low rate of economic activity during the 1990s is a consequence of high unemployment and the relatively low living standard of the Montenegrin population. Since 2000, economic activity has recorded a positive growth path, and the structure of the economy is changing according to the increasing share of services in total economic activity. Some sectors recorded significant growth such as construction and tourism, so it can be estimated that they were the main drivers of growth. These positive trends have improved the living standards of the population, but also created new requirements and opportunities for human capital in Montenegro. On the other hand, thanks to increased economic activity, the budget has experienced a surplus for the first time in recent history. This has created space for these resources to be used to improve the social system and education as well as some other policies. In the period from 2006 to 2019 (except for a relatively short period from 2008 to 2010), together with the strong growth of the Montenegrin economy, the situation on the labour market improved with rather strong employment growth and a significant reduction in unemployment.

In the last ten years, the activity rate has increased significantly. The activity rate for Montenegro was 48.7% in 2011, and reached 56% in 2018. It grew each year during this period, although very little in 2013 and 2017. The activity rate was consistently the highest in the Central region, with 54.6% in 2011 and 60.4% in 2018. In the Northern region, the activity rate followed GDP trends most faithfully, recording a slight decline in 2012 and 2013, only to grow steadily thereafter. The coastal region showed a stable growth of the activity rate in the period from 2011 to 2016, and in 2017 it unexpectedly dropped by more than two percentage points and only slightly recovered in 2018. Finally, the largest overall growth in activity rates was recorded in the Northern region, where it increased from 39.3% in 2011 to 50.6% in 2018. In this aspect, it can be said that due to the above-average growth of the activity rate in the Northern region, there was a certain convergence between the three regions.

However, there is a very pronounced polarisation on the labour market, so that employed insiders are fairly well protected from dismissal with a fairly long notice period and high severance pay, while for unemployed outsiders it is very difficult to find work, hence a large part of the population becomes long-term unemployed, and they search for a job for two or more years.

Picture 1 Key indicators of the labour market



Source: Data by Monstat, (blue - activity rate, orange - employment rate, grey - unemployment rate)

This is largely due to the fact that Montenegro has been characterised by high employment legal protection. It is a kind of standardised method of common and comparable indicators of employment legal protection developed by the Organisation for Economic Cooperation (OECD) called the *Indicator of Employment protection legislation* (EPL) from 1999 (OECD, 1999). Namely, the OECD has been measuring employment protection for many years, ranking countries according to the rigidity of labour legislation and conducting a bilateral and multilateral analysis of the links between employment protection regulation on the one hand, and labour market performance on the other. This Indicator, in its three components (permanent employment, temporary employment and collective redundancies), is the basic framework for presenting changes in labour legislation in many countries. According to International Labour Organisation (2017), it seems that Montenegro is one of the few economies in the world in which there was an increase in the indicator of employment legal protection in 2012. This has almost certainly contributed to the high level of informal economy and the high percentage of long-term unemployment, as employed insiders are relatively well protected and unemployed outsiders have limited employment opportunities. The Parliament of Montenegro adopted a new Labour Law, which enabled improvements in the regulatory aspect of the labour market. This Law represents a significant improvement over the old Law (Bošković, 2020). However, despite the improvement of the legal definition of the labour market, further improvements in public policies related to the labour market are needed, primarily in education and other related policies.

The number of registered vacancies exceeds the number of registered unemployed, and the mismatch between supply and demand for labour has become increasingly apparent. On the other hand, a large number, more than 50 thousand non-resident workers, work in mainly seasonal jobs in construction, tourism and agriculture. However, over the last few years this number has been decreasing and according to data by the Ministry of Interior, the competent authority for issuing permits for temporary residence and work permits for foreigners, a total of 27,634 and 19,354 permits were issued in 2019 and 2020 respectively. There are many reasons for this situation, including the lack of skills of domestic labour force, the tendency of employers to hire non-residents whose labour is cheaper, relatively unfavourable quality of jobs offered in terms of low wages, non-compliance with basic regulations on occupational safety, holidays and daily breaks, etc.

Data on registered unemployment show that the share of unemployed men is higher than that of women, mainly due to less activity of the female population and the fact that job closures were highest in the industrial sector, which mostly employs men. On the other hand, job creation in Montenegro in recent

years has been mainly in the service sectors, such as trade and tourism, which employ more women. The high incidence of long-term unemployment, with more than 60% of the unemployed waiting for a job for more than a year, is also an important issue, especially given that these individuals mainly consist of redundant labour force from industrial companies.

Generally, in the world as well as in Montenegro, there is a strong link between poverty, educational attainment and long-term unemployment. Long-term unemployment in Montenegro is a constant and growing problem, so the share of people waiting for employment for more than a year or two is constantly growing. Although there is no reliable research on the specific Montenegrin conditions, international experience and available analyses indicate four possible most important causes of long-term unemployment for most people:

- Low levels of employability brought about by poor education and work experience; this results in such people being uncompetitive in the labour market;
- Employer recruitment practices that tend to discriminate against long-term unemployed people; long-term unemployment is often used by employers as an indicator of lack of motivation and other undesirable personal traits;
- Passivity in seeking work and reluctance to accept those jobs (mostly low paid) that do become available; the long-term unemployed frequently blame others for their predicament and absolve themselves of any responsibility to find work. They see no worthwhile financial benefit in accepting low paid work sometimes with good reason, but sometimes incorrectly. (There are no available analyses on *Does work pay* online, but based on the analogy with Croatia and Slovenia and many other countries, and the great importance of tourism in the overall Montenegrin economy, one can assume that this problem is present. In brief, for people with lower levels of education who receive more forms of assistance, employment in the official economy *does not pay off* because they almost immediately lose almost all or many rights to social welfare assistance).
- Unwillingness to risk disturbing their current 'life style arrangements' because they fear change and ending up in a worse position. They may be poor but their circumstances are predictable and manageable. In some cases, they have supplementary forms of undeclared income (grey economy and subsistence farming).

These are difficult issues to address and present a considerable challenge to policy makers everywhere. They are long standing and concern both deficiencies of education and skill and behavioural and attitudinal barriers to getting and keeping jobs. It is clear that the existing range of policies in Montenegro needs adjusting to focus more intensively on addressing long-term unemployment.

Missing from the above list of causes is the 'aggregate deficiency of jobs' on the demand side of the labour market. It would be, of course, helpful to all unemployed people if there were more jobs. However, there is clear international evidence and examples in Montenegro that labour supply shortages can exist alongside high levels of long-term unemployment. Further, each business cycle creates additional long-term unemployment that is not extinguished by the following business cycle. As a result long-term unemployment is ratcheted upwards and more and more unemployed people drop out of the effective labour supply. This will affect the efficiency of the labour market, the well-being of those affected and increase welfare costs. Besides, the issue of most concern is why some groups suffer disproportionately long periods of unemployment in comparison with others. It is an entirely appropriate and valuable labour market and social policy objective to reduce the concentration of long-term unemployment at the expense of a slight increase in the average duration of unemployment for everyone that joins the unemployed register.

6 ANALYSIS AND OVERVIEW OF CURRENT ACTIVE EMPLOYMENT POLICY IN MONTENEGRO

6.1. Pregled odabranih programa i broj učesnika

The Employment Agency of Montenegro (AEOM) implements many active employment measures on the labour market, including adult learning and training, employment incentives that include subsidised employment of unemployed persons in the open labour market, direct job creation, including public works, incentives for entrepreneurship and more. However, it is very difficult to assess the success of these programmes, as an appropriate monitoring mechanism is still lacking. This means, first of all, that there is no accurate data on the number of people employed after 6, 12 and 18 months of participation in the programmes, types of jobs they work in (i.e. whether it is full-time or part-time) and wage levels. In the near future, it would be more than useful to start preparations for collecting this data. The Tax Administration submits data that the person is employed to the Employment Agency of Montenegro, but it does not report other data on working hours and income, as well as whether the person is employed for a definite or indefinite period of time. However, according to Csillag, Krekó, and Scharle (2020), data from public employment services in EU member states almost never have information on the income of employees, so this requires additional efforts.

In collaboration with the Department for Access to the Labour Market within the Directorate for Labour and Employment, Ministry of Economic Development, it was decided to evaluate the following measures of the active labour market policy:

- Adult learning and training
- Training for work at the employer
- Training for independent work
- "Stop to grey economy" programme

In this text, as well as in the subsequent evaluation, attention is focused on 4 selected programmes which are described in more detail. Table 6.1 shows the number of participants by individual programmes in the period from 2017 to 2020.

Table 3 The number of participants by individual programmes and their employment after participation in the programme in the period 2017-2020

Programme	2017 a	2018 b	2019 c	2020 d
Adult learning and training	553 participants 172 employed or 31.1%	1295 participants 316 employed or 24.4%	896 participants 165 employed or 18.4%	Not implemented
Training for work at the employer	100 participants 28 employed or 28%	Not implemented	239 participants 63 employed or 26.3%	250 participants 23 employed or 9.2%
Training for independent work	50 participants 11 employed or 22%	Not implemented	238 participants 44 employed or 18.5%	228 participants 20 employed or 8.8%
"Stop to grey economy" programme	145 participants employed or 54.5%	180 participants 38 employed or 21.1%	190 participants 59 employed or 31%	210 participants 12 employed or 5.7 %
Total number of participants in the mentioned programmes	848	1475	1563	688

Sources:

a) Employment Agency of Montenegro (2018). Report for 2017, Table 45, page 99.

b) Employment Agency of Montenegro (2019). Report for 2018, Table 40, page 108.

c) Employment Agency of Montenegro (2020). Report for 2019, Table 41, page 98.

d) Employment Agency of Montenegro (2021), Report for 2020, Table 56, page 110.

Data on employed participants obtained from the Employment Agency of Montenegro on 30 May 2021.

In 2017, there were a total of 848 participants in the selected programmes. The number of unemployed persons included in active employment policy programmes in 2017 that are subject to this evaluation in relation to the number of unemployed persons, was 1.7% as of 31 December 2016 year.

In 2018, 1,475 people participated in these programmes. Thus, the number of unemployed persons included in the active employment policy programmes in 2018 that are subject to this evaluation in relation to the number of unemployed persons at the end of 2017 amounted to 2.9%.

In 2019, there were 1,563 participants in these programmes. Therefore, the number of unemployed persons included in active employment policy programmes in 2019 that are subject to this evaluated in relation to the number of unemployed persons at the end of 2018 was 3.8%.

In the observed three-year period, the number of participants in selected programmes increased, and the share of participants in the total number of unemployed more than doubled. In all observed years, the Adult Learning and Training Programme recorded by far the largest absolute number of participants and had the largest share in the total number of participants, for example, in 2018, 87.8%. After a high employment rate in 2017 of 31.1%, it was slightly reduced in the following years to 24.4% in 2018, and 18.4% in 2019. This is still very good, because there is no accurate date on the actual situation 6, 12 or 18 months after participation in the ALMP programme. It can be expected that a certain number of persons were employed in the said period, and the employment rate after participating in the programme is undoubtedly higher.

The Training for work at the employer and Training for independent work programmes have recorded quite similar trends. After high employment rates in 2017 of 28% in the Training for work at the employer and

22% in the Training for independent work, in 2018 these programmes were not implemented. In 2019, the employment rates for these programmes decreased slightly, to 26.3% for Training for work at the employer and 18.5% for Training for independent work, but this should not be surprising because the number of participants in both programmes has more than doubled.

By far the highest employment rate after participation is recorded for Stop the Grey Economy, programme which stood very high at 54.5% in 2017. In later years, this rate decreased slightly to 21.1% in 2018, and rose again to 31% in 2019 with a significant increase in the number of participants.

In 2020, primarily due to the COVID-19 pandemic and the related non-implementation of Adult Learning and Training programme, a decrease in the total number of participants was recorded. Therefore, the observed 4 ALMP programmes had 688 participants. The number of unemployed persons included in the active employment policy programmes in 2020 that are subject to this evaluation in comparison with the number of unemployed persons at the end of 2019 was 1.8%. It should come as no surprise that the employment rate has also decreased after participating in the programme. The highest employment rate after implementation is for Training for work at the employer (9.2%), followed by Training for independent work (8.8%) and Stop the Grey Economy programme (5.7%). It is worth noting that despite the COVID-19 pandemic, ALMP programmes in Montenegro were implemented on a fairly large scale in 2020.

The text below describes these programmes in the period from 2017 to 2020 using the data presented in Yearly Reports of the Employment Agency of Montenegro:

- 1. Adult learning and training** - programme- is implemented through active employment policy programmes: education and training for acquiring professional qualifications, i.e. key skills; training for gaining work experience necessary for independent work in a certain level of education; training to acquire the knowledge and skills needed to perform the tasks of a particular job with the employer and other training programmes. Education and training programmes are intended for unemployed persons from the records of the EAOM and employees whose work has ceased due to technological, economic and restructuring changes. These programmes enable unemployed persons to increase employability and possibility for employment, and employed persons to retain employment in the conditions of economic, technological and restructuring changes with the employer.

In 2017, adult education and training programmes were implemented for 553 unemployed persons, in cooperation with 20 licensed organisers of adult education. 338 persons were included in the programmes for acquiring professional qualifications, and 215 unemployed persons were included in the programmes for acquiring knowledge and skills. By acquiring professional qualifications, the participants increased their employment opportunities, primarily in catering and tourism (92 people), service industries (198 people) and construction (48 people). When it comes to key skills, 78 people acquired IT skills, 94 people acquired skills in English, German and Italian, 25 people acquired knowledge and skills of drivers of vehicles for the transport of dangerous goods and 18 people acquired skills for drivers of "C" and "D" category vehicles. According to levels of education, most participants completed III and IV level of education - 357 people or 64%, 147 people or 27% completed VII level of education and 49 people or 9% completed primary school. The share of women in these programmes was 51.45% (283 women), while 106 people or 19.3% were under 24 years of age. The share of long-term unemployed was 61.28% (337 people).

In 2018, adult education and training programmes were implemented for 1,295 unemployed persons, in cooperation with 47 licensed providers of adult education. 554 persons were included in the programmes for acquiring professional qualifications, and 741 unemployed persons

participated in the programmes for acquiring knowledge and skills. By obtaining professional qualifications, the participants increased their employment opportunities, primarily in service activities (306 persons), catering and tourism (101 persons) and construction (98 persons). Educational programmes for learning English, German and Russian were implemented for 373 people, computer skills for 156, driver training for "B", "C", "D" and "E" categories for 202 people and education programmes for acquiring entrepreneurship knowledge and skills for 10 people. The share of females was 52.8%, youth 38.6% and long-term unemployed 39.5%. About 40% of the participants in this measure were persons from the municipalities of the Northern region. Regarding levels of education, most participants were III and IV level - 58%, VII level of education - 28% and with completed primary school - 14%.

Adult education and training programmes in 2019 were implemented in cooperation with the providers of adult education for 896 unemployed persons, primarily for surplus occupations, through programmes for acquiring professional qualifications for 461 and programmes for acquiring key skills for 435 participants. Participants in the programme acquired new qualifications which increased their possibility for employment, primarily in service activities (235 participants, construction (105 participants) and catering and tourism (105 participants). Educational programmes for learning English and German were implemented for 158 people, computer training for 93 people and training programmes for drivers of "B", "C", "C + E" and "D" categories for 184 people. Females share in the total number of participants in these programmes was 50.7%, young people 38.9%, and long-term unemployed 41.3%. According to the levels of education, the most included persons were with secondary education (516 persons), followed by 242 persons with higher education and 138 persons with and without completed primary school. From the territorial aspect, most programme participants were from the municipalities of the Northern region 436 (48.7%), followed by the municipalities of the Central region 404 (45.1%) and the least from the municipalities of Coastal region 56 (6.2%). 95.8% of participants successfully completed the programmes of acquiring professional qualifications and key skills. 13.2% (113) of successful programme participants were employed within six months after the completion of the programme for acquiring professional qualifications and the programme for acquiring key skills. However, the employment monitoring period for more than 50% of successful participants in this programme has not expired, so it is expected that the impact of the programme on the target group would be significantly higher.

In 2020 Employment Agency of Montenegro did not implement Adult Learning and Training Programme due to the COVID-19 ban and restrictions in the work of educational institutions, as providers of these programmes are to a large extent educational institutions.

2. **Training for work at the employer programme** - The programme is implemented for unemployed persons for whom the lack of practical knowledge and skills has been identified as an obstacle to employment. The goal of the programme is to enable participants to acquire knowledge, skills and competencies needed to perform certain jobs. The programme was implemented in cooperation with employers from the private sector that have in the last 12 months achieved a net increase in the number of employees compared to the average number of employees and expressed readiness to implement their training programmes, in the shortest duration of one month, to provide the missing labour force.

With the implementation of the mentioned programme in 2017, 100 unemployed persons, who were not employed in the last six months, were employed by the employers who had implemented the programme. In the structure of employees, participation of young people up to 24 years of

age participated was 42%, females 45%, while participation of persons with secondary education was 69%. The participation of persons from northern and less developed municipalities was 75%, which is 15% above the planned number of programme participants from these municipalities. By implementing a one-month training programme, 56 private sector employers provided the missing labour force for service, tourism and hospitality and other activities.

The training for work at the employer was not implemented in 2018, while in 2019 239 persons participated in it.

In 2020, through the programme, 250 participants were employed with 64 employers - programme contractors for a period of three months. In 2020, women's participation in this programme was 50.4% (126), two of whom were long-term unemployed, i.e. were in the unemployment register for more than 12 months. The participation of persons older than 50 years was 10% (25 of which 18 were women). The participation of young people under 30 was 43.2% (108 persons, of which 44 were women). The share of persons with disabilities was 4% (10 persons, of which 5 were women). According to the levels of education, the participation of persons without with or without completed primary school was 16.4% (41 persons of which 25 were women), and with secondary education 72% (180 persons of which 84 were women). The share of persons with higher education was 11.6% (29 persons of which 17 were women). Observed by regions, the most involved persons were from the municipalities of the Northern region 150 (60%), followed by the municipalities from the Central region 88 (35.2%), while the least included persons were from the municipalities of the Coastal region 12 (4.8%). In 2020, 247 participants or 98.8% successfully completed the programme. Upon completion of this programme, employers issued certificates of competency to perform specific jobs to successful participants.

3. **Training for Independent Work programme** is implemented for unemployed persons with secondary education attainment (III and IV level of education), without work experience in attained level of education.

In accordance with the programme tasks on preventing the consequences of long-term unemployment, in 2017, the Employment Agency implemented a training programme for independent work for 50 people without experience in the level of education acquired less than two years ago. In terms of programme implementation, the Agency cooperated with 33 employers from the private sector who have achieved a net increase in the number of employees compared to the average number of employees in the last 12 months and provided space, technical and human resources for successful implementation of the programme. Regarding age and gender structure, the share of employed persons up to 24 years of age was 100%, and female 46%. The participation of persons from northern and less developed municipalities was 72%, which is 12% above the planned number of programme participants from these municipalities. Employers implemented programme content adapted to the professional and personal characteristics of users and, with the provided monitoring, trained them for independent work at their level of education. After the implementation of the training programme for independent work, the participants could take the professional exam.

Similar as the Training for work at the employer, this programme was also not implemented in 2018, while in 2019 238 persons participated in it.

In 2020, the programme enabled employment for 228 participants with 76 employers - contractors, for a period of six months. The share of women in the total number of participants has increased to 58.77% (134) of which 2 were long-term unemployed. The share of participants up to 30 years was

66.22%, or 151 persons of which 85 were women. Most participants in the programme were from the Northern region - 150 people (65.78%) of which 86 were women, while 70 people (30.70%) of which 44 women were from the Central region. The lowest share of participants was from the Coastal region - 8 persons (3.52%) of which four were women

4. **Stop to Grey Economy** programme is implemented by the Employment Agency in collaboration with the Tax Administration of Montenegro, the Police Administration (Montenegrin Police), the Administration for Inspection Affaires, the Customs Administration, and the Ministry of Transport and Maritime Affairs. The programme has been created with the support of the "Active labour market measures for employability" IPA project expert team. Training and employment of young people to the work in jobs combating the grey economy contributes to solving the problem of youth unemployment and combating informality. Given that informal business as a parallel activity to formal/regular business negatively affects integration of young people in the labour market, and thus endangers their socio-economic status, programme activities enable participants to directly influence the creation of a more favourable business environment.

In 2017, this programme included 145 unemployed persons with tertiary educational, up to 30 years of age, with a minimum of nine month work experience, of which 48% were female. The share of persons who participated in this programme in the total number of participants in active employment policy in 2017 was 6.45%.

In 2018, the programme encompassed 180 unemployed persons with tertiary education, up to 30 years of age and with at least nine months of work experience. The programme participants provided technical support and assistance in combating informal business to officials of the Administration for Inspection Affaires - 60 participants, the Police Administration - 40 and the Tax Administration - 80 participants. 56.7% of the participants were women, 15% were long-term unemployed persons, while 48.9% were from the Northern region.

The programme covered 190 unemployed persons in 2019, who were employed in providing technical support and assistance to officials of the Administration for Inspection Affaires - 60 participants, the Police Administration - 40, the Tax Administration - 80 and the Customs Administration - 10 participants. The programme participants executed their tasks under continuous mentorship in the period from 10 June 2019 until the end of year. Over the course of programme implementation, the participants practically applied the acquired knowledge, and also developed new knowledge through the detection of activities related to grey economy. 62.1% of the total programme participants were women, 14.2% long-term unemployed, while 50% were persons from the Northern region

In 2020 the Programme involved 210 unemployed persons with high education, who were trained for jobs of tech support and support to officials preventing informal employment i.e. Inspectorate (64 programme participants), Police (44), Tax Administration (84), Customs Administration (14 participants), and Ministry of Traffic and Maritime (4). 62.4% (131) out of all programme participants were female. Regional breakdown shows that the greatest number of participants comes from municipalities in the Northern region (110 persons or 52.4%), followed by municipalities of the Central region (77 persons or 36.6%), while the smallest number of participants comes from Coastal region (23 persons or 11%).

6.2 Financial expenditures for selected programmes

To understand the "value" of education and training for participants, it is necessary to collect data on their possible employment, the job they work in and the income they earn. Unfortunately, currently there are no such data for Montenegro. As the unemployed persons differ significantly, so do the programmes of active employment policy. The differences are evident in the complexity of the programme - it is quite obvious that education and training for a relatively simple occupation differs significantly from participation, for example, in the Stop the Grey Economy programme, in duration and finally in the necessary financial allocations.

Therefore, the possible calculation of an individual cost per programme participant can result in a largely wrong message, because allocating of a small amount of money to hire a qualified person attractive to potential employers who would be hired anyway (mentioned deadweight effect) **means wasting public money**, while helping employment of a long-term unemployed person with low employability and/or a person with a disability **can be very justified from a financial and social point of view**. This is all the more true since the data on employment of participants in certain programmes after 6, 12 or 18 months are unavailable, and cannot be compared with the control group that did not participate in a particular programme.

Therefore, it would be very wrong to assess the cost-effectiveness of different programmes or just take this into account when deciding to continue, increase or decrease the implementation of a particular programme. However, empirical assessment, mostly of employees in the Employment Agency and partly education providers and the unemployed, can provide a fairly reliable intuitive assessment of the success of individual programmes, as well as their change over time, as stated later in the evaluation.

Despite the mentioned limitation, Table 6.2 provides data on financial expenditures for selected programmes as illustration.

Table 4 Financial expenditures for selected programme in €

Programme Year	Adult learning and training	Training for work at the employer	Training for independent work	Stop to grey economy programme	Total for selected programme
2017 ^a	254,308.47	124,823.07	93,670.29	414,946.65	887,748.48
2019 ^b	429,335.61	263,611.15	517,964.46	666,927.50	1,877,838.72
2020 ^c	-	269,050.42	419,842.79	591,293.70	1,280,186.91

a) Employment Agency of Montenegro (2018). Report for 2017, Table 45, page 99.

b) Employment Agency of Montenegro (2020). Report for 2019, Table 42, page 98.

c) Employment Agency of Montenegro (2021). Report for 2020, Table 56, page 110.

Expenditures for the selected four programmes increased significantly in the period 2017-2019 (index 211.52), but decreased in 2020 due to the inability to implement the Learning and Training Programme due to the outbreak of the Covid-19. The following table provides information on the unit costs of individual programmes.

Table 5 Unit costs per participants in selected programme in the period 2017-2020 in €

Programme Year	Adult learning and training	Training for work at the employer	Training for independent work	Stop to grey economy programme	Total expenditures for selected programme
2017 Total expenditures	254,308.47	124,823.07	93,670.29	414,946.65	887,748.48
Number of participants	553	100	50	145	
Expenditures per participants	459.87	1,248.23	1,873.41	2,861.70	
2019 Total expenditures	429,335.61	263,611.15	517,964.46	666,927.50	1,877,838.72
Number of participants	896	239	238	190	
Expenditures per participants	479.17	1,102.98	2,176.32	3,510.14	
2020 Total expenditures	-	269,050.42	419,842.79	591,293.70	1,280,186.91
Number of participants		250	228	210	
Expenditures per participants	-	1,076.20	1,841.42	2,815.68	

Source: the same as in Table 4.

In the whole observed period, there were no significant changes in the level and ratios of individual costs per particular programme. The cheapest were Adult Learning and Training programmes, whose unit costs slightly increased in 2019 compared to 2017. The costs of other more expensive programmes – the Training for Work at the Employer, the Training for Independent Work, and Stop the Grey Economy programme - had different trends in terms of unit costs. The cost of the Training for Work at the Employer has been steadily declining, while the individual costs of the remaining two programmes - the Training for Independent Work and the Stop the Grey Economy programme - increased in 2019 and then fell in 2020 below their level of 2017. The most expensive is Stop the Grey Economy programme. In 2017 it was more than 6 times more expensive than the Adult Learning and Training programme. Significant increase in the costs of this programme added to it being seven times more expensive in 2019 than the Adult Learning and Training programme. We can once again note the previously mentioned differences of active employment policy programmes and the lack of their exact effects in terms of employment, type of jobs and income of participants which render their individual cost not too valuable information, although their unit cost may not be neglected as such.

7 PREVIOUS EVALUATIONS AND ANALYSES OF THE LABOUR MARKET IN MONTENEGRO

Drobnič, Simović Zvicer, Zagorca and Meštrović (2017) carried out a comprehensive analysis of the effectiveness of existing active labour market measures in Montenegro. The authors present a typology of active labour market policy measures with a detailed overview of all types; objectives, implementation actions, expected results and target groups of individual measures; impact and measurement of results, shortcomings and limitations in implementation; and recommendations. Given the measures subject to this analysis, they explain that the goal of introducing the **Adult Learning and Training Programme** is to achieve greater harmonisation between supply and demand on the labour market. Therefore, persons with lack of knowledge, skills and competencies can achieve greater employment opportunities, and at the same time, employers' needs for labour force are better met. According to these authors, within 6 months after the completion of the programme, 685 people were employed, accounting for about 10% of all those who completed the training. The authors point out the lack of IT support for programme execution and, consequently, the lack and uncertainty of available data. Furthermore, training measures do not sufficiently follow the needs on the labour market and are not sufficiently based on the employers' needs.

Licensing of knowledge and skills of training participants is possible only through the Examination Centre and training that is licensed and can be conducted only by licensed providers. Employers, with which unemployed persons are trained, do not issue certificates of competence or acquired work competencies, so training participants cannot later prove and apply the acquired knowledge and competencies as a reference. Regarding the **Training for Independent Work Programme**, the authors believe that due to the small volume of employed participants, the programme is not efficient and effective enough and cannot be deemed to have a significant impact on creating changes in the labour market. Therefore, high programme costs per employee (€ 36,940.01) cannot be justified. This clearly means that the programme does not fully lead to the desired goals and therefore needs to be redefined, redesigned and re-implemented based on labour market analysis. Drobnič and associates state that the most effective measure in terms of employment is the **Training for work at the employer** intended for disadvantaged people with a lack of skills. After participating in this programme, 56.1% of all programme participants found a job.

In the **analysis of mismatches between labour market needs and the educational system** in Montenegro, Golubović, Kriechel and Vetter (2019) state that in the period 2016-2017, Adult learning and training, Training for work at the employer, Training for independent work and Stop to grey economy programmes, among others measures, were implemented. The authors believe that the Employment Agency has in recent years intensified the provision of services related to the labour market and increased targeting of previous active policy measures. The Agency also introduced some new measures such as training and employment of young people in the fight against the grey economy - Stop the grey economy. This measure aims to address youth unemployment and combat informal economy. Despite efforts to broaden the implementation and better target active employment policy, the actual funding and coverage

remain at a modest level of approximately 0.18% of GDP for the implementation of employment policies, with an increase in funding expected in the near future. In addition to increasing the budget for active employment policy, further strengthening of institutional capacity is needed to improve the efficiency and effectiveness of employment policy. This primarily means paying more attention to the inclusion of hard-to-employ categories that have a weak link to the labour market and/or have been unemployed for a long time. Within the IPA project entitled: Active measures in the labour market for employability (2017), some innovations were proposed and introduced in terms of targeting vulnerable categories such as youth, women, groups exposed to certain risks, and systematic monitoring and evaluation of the effects of implementation. The ALMPs in the short- and long-term will further help programme policy makers to develop new and/or supplement the existing active policy measures. For the time being, there is a serious structural mismatch between supply and demand for employment in Montenegro, but the Government of Montenegro has launched a comprehensive reform of the education system that is increasingly focused on reforming vocational education and acquiring relevant knowledge and skills in line with the labour market needs.

The World Bank (2018, 2019) explains that Montenegro is the economy in the Western Balkans that **spends the most on active labour market policies** (ALMPs) proportional to its GDP. In 2017, total expenditure on ALMPs in Montenegro reached almost 0.4% of GDP, while other economies in the region spend about 0.1% of GDP. The majority of spending in Montenegro is concentrated on the Vocational Training Programmes for Persons with Acquired Higher Education, which in 2017 accounted for about 0.2% of GDP, while approximately the same percentage was spent on other ALMP programmes. However, between 2010 and 2014, there was a clear trend of decreasing financial resources managed by the Employment Agency, but since 2015 there has been a partial recovery of available expenditures for this purpose. At the same time, the concentration of expenditures on vocational training of persons with higher education probably led to a regression of expenditures for ALMPs - these expenditures are relatively more burdensome for the poor. This claim stems from the profile of persons with higher education compared to the profile of beneficiaries who are more likely to use the services of the Employment Agency. Although there is no precise socio-economic profiling of graduates, it can still be estimated that the college enrolment rate of 60% in the group of the fifth richest (highest income quintile) is twice as high as that of the lowest income quintile (30%). In other words, college graduates are much more likely to come from better-off families.

With the goal to improve the economic and social picture, International Labour Organisation - ILO (2019) prepared **The Decent Work Programme 2019-2021 for Montenegro**, outlining the main challenges the economy faces. ILO experts point out that despite progress in labour market effects, such as a steadily rising employment rate, key challenges remain the high long-term unemployment, increased youth unemployment and inactivity, and a high percentage of informal work. Therefore, it is necessary to achieve greater efficiency of institutions in the labour market and strive to formalise the informal economy. This means improving the competencies of trained young people and jobseekers who better meet the needs on the labour market. This increases the employability of trained young people and jobseekers and allows higher labour market entry rates for participants of these trainings and reduces youth unemployment or inactivity. It can be estimated that the implementation of active employment policy measures in Montenegro in the period from 2017 to 2020 has greatly contributed to the achievement of these goals.

The Analysis of local labour markets conducted by Mihail Arandarenko and Milika Mirković (2020), together with the analysis of the functioning of the concept of local partnership for employment, is a diagnostic part of the project "Further development of local employment initiatives in Montenegro". This analysis represents a valuable information basis in the development of local employment strategies and human resources as well as accompanying action plans and in the development of active labour market

measures adapted to local labour markets. It also greatly assists in capacity development within the established local employment programmes for the development, management and implementation of local employment measures and projects funded by the European Union (EU). In accordance with the requirements of the project document, the analysis of local labour markets should a) provide a good understanding of local socio-economic conditions and the way they affect the population and businesses; b) identify strengths and weaknesses of the local economy and labour market, as well as characteristics of local socio-economic challenges and opportunities; and c) inform and contribute to the development of local employment strategies and human resources. The methodology for analysing the local labour market relies on a wide range of secondary data sources, including primarily national statistics and qualitative research. To ensure that the assessments are fully authoritative and have added value for national and local partners, the methodology used in this analysis allowed the knowledge, attitudes and specific information held by local partners and other stakeholders to be included in the analysis as well. This meant supplementing the available statistics from existing official sources with locally collected qualitative and additional quantitative data that were available to local actors. Through such activities, the analyses of local labour markets have successfully supplemented the existing knowledge on the labour market and deepened the factual basis on the demand and supply of labour in a territorial perspective.

Bošković (2020) underlines that upskilling, training and education are forms that are recognised and most strongly pronounced as *social investment for enhancement of human capital* in Montenegro which is very positive. It can be assessed that the majority of policy measures in Montenegro belong to employment assistance as well as education and upskilling, even more than in the EU. Consequently, in the sense of the availability of specific mentioned measures, a favourable and efficient social investment paradigm is present in an active labour market policy in Montenegro

8 EVALUATION OF SELECTED MEASURES

With the goal to evaluate measures of ALMP in Montenegro, two focus groups with employees of the Employment Agency of Montenegro were implemented, a survey of the unemployed who participated and did not participate in the measures was conducted and the attitudes of education providers were examined. An overview of the most important messages of individual groups of respondents is given in this section of the document, while the later part provides answers to the questions contained in the Terms of Reference.

8.1 Results of focus groups with employees of the Employment Agency of Montenegro

Two focus groups with employees of the Employment Agency of Montenegro (EAOM) held on 31 May 2021 gathered 23 employees from the EAOM of which seven were representatives of the Central Office, while 16 were representatives of regional offices in various parts of Montenegro. Of these, seven were advisors for ALMPs - they work directly on the implementation of the programmes. Seven representatives were advisors for records of unemployed persons and mediation in employment, while two participants were advisors responsible for relations with employers. Thus, the characteristics and possible problems of ALMPs were highlighted from various points of view and possible ways to improve the measures have been successfully indicated.

In general, the employees of the Agency deem that the selected measures are good and mostly successfully targeted to those that need help and support the most. Employees of the EAOM stated that the number of unemployed persons increased, and that there were not sufficient programmes, resulting in long-term employment. They pointed out that the procedure for issuing a public call for participation in programmes was quite complex and taking a long time. Therefore, there are problems because the interest of both employers and the unemployed can disappear and/or diminish. It is a big hindrance that the implementation of measures is announced through a public tender, usually only once a year, and they are often carried out at inappropriate times of the year (for example, for tourism jobs in May or June). Furthermore, there are often difficulties in **motivating unemployed people** to join the programme, although this also depends on the type of programmes offered. One of the reasons could be the relatively low remuneration for participants in the programmes. For example, for the Training for work at the employer programme, the remuneration is € 222, while for the Stop to grey economy programme it is € 300, which is too low. When it comes to a programme such as self-employment grants or support through loans, there are no problems with the interest of potential participants.

However, with a three-month programme that provides some kind of training for the open labour market, and ultimately results in a return to the unemployment register, there is a lack of motivation of the unemployed. This is all the more true because many employees of the Agency (as well as unemployed participants in the programmes, see below) emphasise that certain measures, such as the Adult Learning and Training Programme, have very little effect on employment. It is mostly about the education for

the open labour market; programmes are most often repeated from year to year and do not result in employment - a change in the status of the unemployed person on the labour market. Also, there is a clear lack of quality and accredited mentors, who would be in charge of conducting training, primarily responsible for the implementation of certain programmes.

According to the opinion of the employees of the Agency, the procedures for reporting and monitoring the implementation of measures are not sufficiently comprehensive, timely and effective, so there is a need to work on their improvement. There are cases when trainings are "improvised" in various ways, so it is necessary to strengthen controls and visits to employers. Employers should be much more active in the implementation of measures. The evaluator would like to once again thank all the participants in the focus groups for a very useful and pleasant exchange of information. Their ideas are incorporated in proposals for improvement of active employment policy measures.

8.2 Results of the survey by the questionnaire with unemployed persons

Through a questionnaire with 14 questions prepared by the evaluator in cooperation with the competent authorities, the opinion of 35 unemployed persons was examined, of which 11 persons did not participate in active employment policy programmes. All those who did not participate are still interested in the programmes, and most of them did not manage to enter the group of selected participants or the programme was not implemented (3 people). Seven out of 11 respondents (63.6%) who did not participate in active policy programmes have a high level of trust in the EAOM, while 9 persons (81.8%) mostly or completely agree that the information by the EAOM is timely, accurate and useful. Only one person (0.91%) does not trust the EAOM, while one person believes that information by the EAOM is generally inaccurate. Although the sample of persons who did not participate in the active employment policy programmes of the EAOM is relatively small, it is sufficient to show the high level of trust of unemployed persons in the work of the EAOM and their clear belief that the information from the Agency is timely, accurate and useful.

The opinions of 24 persons who participated in the measures of active employment policy were examined, 6 persons in each of the selected programmes. Similar to the persons who did not participate in the measures, the participants in the measures expressed a high level of trust in the work of the EAOM. They also deem that the information of the Agency is timely, accurate and useful. Only one participant in the programme states that he has not received the EAOM information on time. Among the participants in all measures, 13 (54.2%) were unemployed for up to 6 months (mostly in the Stop the Grey Economy programme), while the rest were unemployed for a long time, many for more than two years.

Satisfaction with participating in the programme mostly depends on the type of the programme. Participants in the Adult Learning and Training expected the programmes to help them acquire knowledge and find a possible employment, and some of them expected to become involved in the family business and gain the necessary experience. This generally did not happen, but they either remained mostly unemployed or, for family or other reasons, were employed in jobs that had nothing to do with the relevant programme they attended. The programme provided some individuals with *more than they expected*², and almost everyone would participate in it again because *it was great*. Most respondents would recommend participating in the programme to their friends and acquaintances, and only one participant *would suggest something else*.

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² The evaluator is fully aware that this sample is quite small. Nevertheless, this evaluation sought to identify primarily the qualitative factors of active employment policy, while somewhat less attention was paid to quantitative characteristics, as this was consistent with the overall adopted research methodology. *Italic* means that the statement has been taken from or slightly adjusted from the questionnaire of unemployed persons or the educational institution.

The participants in the Training for work at the employer programme have a high or a very high level of trust in the work of the EAOM and all of them state that the information from the Agency is on time, accurate and useful, except one which underlines that in some cases this information is not on time. They decided to participate *to gain experience* and find a job. Participants point out that the content of the programme was useful, especially in terms of gaining experience and practical knowledge, but in their opinion programme duration should be extended. Some have taken a job at the company where they were on the programme, and some are hoping to get a job elsewhere. They would be very happy to participate in the programme again and everyone would recommend it to his or her friends and acquaintances.

Of six participants in the Training for independent work programme four have a high or a very high level of trust in the work of the EAOM, while two state that the level of their trust in the work of the EAOM is satisfactory. The attitude towards the timeliness, accuracy and usefulness in the EAOM information is similar, and while four participants are extremely satisfied, the same two participants express that they are mostly satisfied. The reasons for participation in the programme generally do not deviate from those already mentioned: the desire to acquire new knowledge as well as to get *work habits and experience*. Although some of them did not find a job, they would be happy to participate again. Thus, one participant states that *his expectations were fully met, he gained experience and worked for the same employer after finishing the programme ... which was excellent and useful*. Participants emphasise the *importance of gaining experience* and everyone would recommend participating in the programme to his or her friends and acquaintances because in that way *they can learn to do something, to motivate themselves, regardless of the level of salary*. Finally, it is necessary to better inform the general public about all active employment policy programmes, and especially about the Training for Independent Work programme, because, according to the unemployed persons, not enough information is easily available about this Programme. For example, one participant found out about it *by accident when she was coming to the Employment Office*.

Respondents who participated in the Stop the Grey Economy programme were most often employed after completing the programme, so it is not surprising that they are most satisfied with the participation and content of the programme. Almost everyone fully agrees that the programme was well organised, designed and appropriate for them and they acquired the most important knowledge and skills needed to work. Many were *very happy to share their positive experiences* with friends and acquaintances and believe *they would not have gotten a job otherwise if they did not have this opportunity*. For some participants, expectations were partially met and one participant *had gained experience and learned a lot that helped her to get a job in another administration*. One respondent stated that this Programme is ideal for *those eager to learn and for improvement*, because he learned everything *that is of great importance for the preparation of the state exam and further work*. Therefore, he believes that there is nothing to recommend to the EAOM for the improvement of the programme because everything is designed properly. Possible suggestions of other participants are mostly related to the need to simultaneously implement other programmes such as learning foreign languages and improving computer skills.

8.3 Results of the survey with institutions for education and training

The survey involved 20 educational institutions from around Montenegro that answered 19 short questions in a specially designed questionnaire. The survey involved institutions that have a license to implement certain types of programmes, and also those that do not, which helped to get a clearer picture of the situation and possible problems in the field of education and training. Also, some of them have been participating and implementing the programme for a number of years and with more candidates, while some of them *have been implementing Training for work at the employer programme only once 2017, and the participants were high school students... or unemployed people who expressed a desire to get training for jobs*

in catering. The selected institutions differ significantly in the programmes they provide as well as in the answers to the question about the motivation of the programme participants. The most common motive for providing education and training is the *lack of catering staff*. Respondents stated that the programme application *process is very simple, the documentation is not demanding, it does not require much time, so it does not involve any special organisation*.

Some respondents provided education and training programmes where Training for work at the employer was attended by high school students and they were trained for administrative work in the agency. The Training for Independent Work was attended by high school graduates and those which finished education for caterers and retail traders. Respondents state that the *Training for work at the employer is better than the Training for independent work because there are no limitations on the inclusion of unemployed persons. The target group is wider, there are no restrictions when it comes to school and work experience*.

The conducted survey also provided an opportunity to gain insight into the cooperation of institutions with the EAOM. In addition to very good cooperation for programme implementation, many surveyed providers of education and training also collaborate with the EAOM when they need to hire workers. Thus, one company states *"When we lack workers, we turn to the Employment Office and they react immediately. They send us candidates, among the unemployed who come for an interview, there are people who want to work, and in that way, we fill the job [vacancy] quickly. However, it happens that there are also those who do not want to work, they came for a job interview so as not to lose some of the rights they exercise with the Employment Office."* Another respondent who trained and then hired a hairdresser underlines the great support by the EAOM and explains *"Employees from the EAOM helped me in applying for the competition for the training programme implementation and informed me about all my rights and obligations."* That was very important to her because with the financial support of the Agency, *"I got a quality worker."* Another respondent emphasises that *"the cooperation with the EAOM is at a high level. After applying to the competition, they informed me about the results and made an appointment to sign the contract. After that, in cooperation with the Agency, we selected the candidates. During the implementation of the programme, we regularly submitted the necessary documentation and reports. After the programme, we hired a certain number of candidates, extend employment contracts. Cooperation was to the mutual satisfaction."*

Similar are the experiences of another employer who, in cooperation with the Agency, implemented a very attractive programme in which participants without work experience gained work experience and were trained for the labour market. Some of the participants in the programme were employed by the employer himself, *while a certain number were employed by his clients*. Overall, hiring programme participants helped him to *improve his business*. The same employer emphasises that his cooperation with the EAOM was very decent. *"When applying for the programme, we had information, clear instructions and were informed on time."*

An interesting statement by one employer is that **employees who were employed through the programme are more responsible than the workers we hired through vacancies published in mass media, without the mediation of the Employment Office**. Possible explanation can be that they are afraid of punitive measures, such as deletion from the records of the Employment Office. Thus, the participants of the programme were motivated, responsible, adopted the new knowledge and skills, and were relatively easily employed after participating in the programme. Another employer explains *"that the participants were motivated. They acted responsibly and acquired knowledge. One participant did not show interest at the beginning of the programme, however as time went on, she also became interested."*

Employers are fully aware that despite high unemployment, *it is not easy to find a good worker*. Therefore, the implementation of the programme helps them in selection of potential candidates for jobs *because three months (programme duration) is enough to conclude whether it is a worker who we can count on or not*.

If he or she was a good worker in the programme, we always count on him or her. So, if we don't need him or her immediately after the end of the programme, we will call him or her when the need arises. One employer believes that Montenegro does not have enough quality labour force. "The EAOM prepares and implements programmes that are needed by the labour market. Funds are being invested, and the candidates do not always have the necessary responsibility. If the unemployed persons made a mistake in choosing a profession and want to correct it, to be retrained, then he or she should pay [for the training]. If EAOM pays for training and additional education, the participants should behave responsibly and their grades must be known at the end. It must be known how much they learned, how they behaved and how responsible they were. Therefore, there must be greater control by the financier".

Almost all respondents stated that they did not have major difficulties in preparing the necessary documentation to apply for the programmes. A possible reason for their demotivation to provide education and training programmes is the relatively complex required data on the use of deminimis (an assistance of low-value). Therefore, one employer states *"I am never sure that I will give accurate data, that I will calculate it correctly"*, so he no longer competes for the EAOM programmes, although he competes for other financial resources.

However, there were lonely criticisms in the survey, and one respondent stated that he was not satisfied with the behaviour and operations of the Employment Agency and that he had not been informed about the programmes. He was angry at the functioning of the Agency as an institution and the non-economic spending of money on programmes and employers who do not deserve to participate in their implementation. Therefore, he expects much greater activity of the Agency and its regular and timely information of employers about the planned programmes and measures of ALMPs.

8.4 Answers to questions contained in the Terms of Reference

In general, the selected programmes are efficient and targeted at the most vulnerable, which is in line with the Economic Reform Programme of the Government of Montenegro for the period 2019-2021, the Employment and Social Policy Reform Programme and the Decent Work Programme. The Government of Montenegro has chosen an integrated approach based on efficiency and improving the functioning of the labour market. In the process of approximation to the standards of the International Labour Organisation and EU practices, institutions responsible for management of the labour market in terms of operational efficiency and quality of services have been developed.

○ Assess cost effectiveness of active labour market measures through prism of the effect which these measures have on employment of unemployed persons:

1. Adult learning and training

The impact of the programme on employment is quite limited. It is about education for the open labour market; programmes are repeated from year to year and often do not result in employment - change in the status of the unemployed person on the labour market. However, one should not be too critical of the mentioned programmes, because not all participants can be expected to be hired immediately. According to educational institutions, the programmes are adapted to the needs of the labour market. The Employment Agency expects participants to be employed immediately after their participation in the programme, but it is primarily important to train and prepare them when the employers' need arises. Also, it should not be overlooked that through the programmes employers can get an insight into the motivation and interest of the unemployed persons.

2. Training for work at the employer programme

In principle, this is a programme with a good idea, but it mostly does not facilitate employment after programme participation. However, according to the surveyed educational institutions, the Training for work at the employer is better than the Training for independent work programme, because there are no limits on the inclusion of unemployed persons. The target group is wider, there are no restrictions when it comes to school attainment and work experience.

3. Training for independent work programme

Regarding the Training for work at the employer and Training for independent work programmes, the response is always the same. These are the programmes with good ideas, which should have a positive effect and improve the position of the unemployed on the labour market. There is a need to improve selection of employers for certain activities and force employers' participation in covering the costs. Also, it would be desirable to know the activities that will be supported through these Programmes at the beginning of the year, and to prepare the unemployed accordingly.

4. Stop to grey economy programme

This is the Programme which has no problems with the selection of candidates. However, it seems that the main motive of young people is to get an opportunity for permanent employment in state bodies through participation in the programme, and this should not be their main motive.

○ Assess the effectiveness, efficiency, relevance and coherence of active employment policy measures and increasing the competitiveness of employed and unemployed on the labour market in Montenegro.

1. Adult learning and training programmes

Programi koji podižu nivo zapošljivosti, ali uglavnom ne dovode do promjene statusa nezaposlenog lica nakon završetka. Programi ishoduju sticanjem stručne kvalifikacije, odnosno, ključne vještine.

2. Training for work at the employer programme

It results in the ability to perform certain tasks in a specific job. The results of this programme are in principle good and lead to employment (see later text).

3. Training for independent work programme

As was mentioned earlier, Training for independent work programme is implemented primarily in collaboration with employers from the private sector, who achieved a net increase in the number of employees compared to the average number of employees in the last 12 months and expressed readiness to implement their training programmes. The programme has a double positive effect. Over one month alone, employers obtain the missing workforce. For example, in 2017, with the implementation of this programme, 100 unemployed persons, who were not employed in the last six months, were hired by employers who implemented the programme. In the same year, by implementing a one-month training programme, 56 private sector employers hired the missing workforce for service sector, tourism, hospitality and other activities. The success of the unemployed in mastering the training programme confirms the high degree of compliance of the

programme's content with participants' capabilities. Furthermore, the fact that the selected employers hired all successful programme participants confirms that the programme activities were successfully implemented. Candidates gain work experience that they need to independently perform jobs in the attained level of education (acquire knowledge, skills, competencies) in order to increase employability and possibility for employment.

4. Stop to grey economy programme

The programme provides support to young people registered as unemployed in the EAOM records, solving the problem of their unemployment by raising their working abilities, primarily increasing their employability. The programme also contributes to combating informal economy and unregistered work on the labour market. Therefore, Stop the grey economy can serve as an example of a positive experience at the European level. Participants in the programme have the opportunity to acquire communication skills with clients in the Police Administration (Montenegrin Police) and teamwork skills in organisational units of the border police. In a real-life work environment programme participants provide technical support and assistance to officials of the Tax Administration of Montenegro, the Administration for Inspection Affaires, the Customs Administration, and the Ministry of Transport and Maritime Affairs in combating informal business. With continuous mentoring, programme participants are employed for a fixed period, lasting five months and 14 days (while the duration varies from year to year), and perform the following tasks: registration of taxpayers, contributors and insurance, control of the accuracy of registration applications and registration decisions, application of positive tax regulations, receipt and processing of tax returns, processing and settlement of taxes evidence, in call centres, in implementation of Be responsible project and on other tasks of inspection services in all segments determined by the Operational Work Plan. Also, the large traffic of passengers and the flow of foreigners, especially during the tourism season, add to the opportunities that the participants have to partake in a very dynamic work, which enables them to further improve the acquired knowledge and skills. The employment of the programme participants has been carried through a temporary employment agency. This has further contributed to the promotion of flexicurity, i.e. productivity, flexibility and security on the labour market based on employment security, rather than the protection and/or security of a particular workplace. A possible problem pointed out by the programme providers is the lack of computer equipment, but *this did not affect the efficiency and effectiveness of the programme. The problem was solved in a way that programme participants worked together with government officials.*

The Training for work at the employer and Stop the grey economy programmes were presented at the conference in Budapest in 2018. During the conference, it was stated, among others, that the EAOM Training for work at the employer and Stop the grey economy programmes fully correspond to those implemented in the European Union and received a very good grade. It should be again noted that the selected measures are good and mostly successfully targeted those who need help and support the most. Based on the conducted focus groups and surveys, it can be concluded that the programmes are effective, efficient, relevant and coherent. Finally, although Stop the Grey Economy programme has been implemented over the past five years, *the fact that a larger number of candidates applied each year compared to the previous year, clearly shows its attractiveness.*

All these measures are successful for gaining experience and practical knowledge, or restoring knowledge that has been forgotten or obsolete. A possible challenge to achieve the full effectiveness of the measures is the situation where the participant is not employed after the end of the measure. However, it seems that the unemployed are conditionally satisfied with the participation in the measures, because they still acquire new knowledge and competencies that they hope to be able to use. At the same time, it must not be forgotten that participation in ALMP programmes reduces, at least to a lesser extent, their feeling of abandonment and oblivion from society and, consequently, the threat of social exclusion. Possible suggestions for improving these features are contained in the next chapter.

- How **effective and efficient** are ALMM in achieving their objectives and objectives of relevant strategy and action plans?

Each measure has its starting point in the priorities and goals defined primarily in the National Strategy for Employment and Human Resources Development. In addition, the measures to some extent represent support for structural reforms and goals of economic and regional development of Montenegro. As mentioned earlier, the measures are fully in line with the Montenegro Economic Reform Programme 2019-2021, the Programme of Employment and Social Policy Reform 2015-2020 and the Decent Work Country Programme Montenegro.

- Which types of measures were **the most effective and most sustainable**, for which groups and in which contexts?

According to the opinion of Agency's employees, these are measures that provide support for starting own business, primarily for young people. As such measures are not included in this evaluation of the selected measures it can be stated that the most effective and sustainable programmes are Training for work at the employer and Stop to grey economy.

- What factors had **the biggest impact on the effectiveness** of ALMM?

Probably there are two most important factors. The first is the availability of measures throughout the year, which made it possible to satisfy the needs of the market, but also the demands of the unemployed persons. Another important factor is permanent employment after the measure is implemented, either on the open labour market or starting one's own business. Other important factors are the obvious need of the employer for labour force, a quality selection of the unemployed and employers who participate in the measure, and sufficient and predictable financial resources.

- To what extent **ALMM contributed to changes in national education systems**, lifelong learning providers?

The implementation of adult learning and training programmes as ALMP measures is a corrective factor on the labour market, especially in the field of acquiring practical knowledge and skills. Having in mind the slow pace of alteration and the adaptation of the education system to changes in the market, these measures are a faster way to provide the missing staff in the market. The implementation of these measures has encouraged the development of new adult education and lifelong programmes in accordance with market requirements, but also harmonisation of existing ones with the market needs. In this way, participants in adult learning and training become more skilled on the labour market and contribute to a better educated workforce as a whole.

According to the opinion of educational institutions, the programmes of the Employment Agency significantly helped the sustainability of the work of these organisations because they

had the opportunity to get the necessary labour force and educate the unemployed for shortage occupations. Also, these organisations emphasise that they had the opportunity to exchange knowledge and experience with the EAOM. Some institutions or employers that provide education and training programmes have expert teams that help in selection of participants and implementation of the programmes. Thus, a team *consisting of a psychologist, andragogue, coaches and other administrative workers, each in their own domain, participates in development of the curriculum and implementation of the training.*

- Are there *significant cost differences* between same ALMM? What are these differences related to?

Differences in costs between the same programmes should not exist, at least not to a significant extent. Some adult education and training programmes are more expensive because they require higher performance costs (materials, mentors, space...). What should not happen are large differences in the cost of running the same type of education programme (for example, the cost of organising and conducting training for beautician with different education providers).

- To what extent were the organisational arrangements, including management and control systems at all levels, **conducive to the effectiveness** of ALMM? Was there an administrative burden?

Employees of the Agency are of the opinion that the implementation of any measure should be preceded by an analysis of the structure of unemployed persons as well as with an analysis of the labour market at the national, regional and local levels. Once the measures are designed and needed financial resources are secured, measures should be available to the unemployed person throughout the year, and activities on the preparation of the unemployed persons have to be intensive and continuous.

- How **timely and efficient** were the procedures for reporting and monitoring?

Procedures for reporting and monitoring are not always sufficient, timely and efficient, so there is a need to increase their implementation. A positive example is the statement of the organisation that trains staff for catering: *"Before the start of the programme, we hold a meeting with the participants. At that occasion we introduced them to the programme, their obligations and rights. Representatives of the Agency were also required to attend these classes. During the duration of the programme, we regularly informed the Agency about the course of implementation and we submitted reports. Representatives of the Agency came and visited us during the programme implementation."* Another licensed education provider explains how application to programmes and reporting on them were demanding at the beginning, but after the proper learning process, it was no longer a problem. He stated: *"We do not have any reporting problems with the Agency, we have a good partnership. When we receive notification that we have been selected, we sign the contract and the Agency sends us candidates. During the implementation of the programme, we duly inform the Agency about its implementation, and we submit the prescribed documentation. Representatives of the Agency monitor the implementation of the programme directly by visiting us during the programme implementation."*

- How **visible were** ALMM?

In terms of the number of participants and the expenditures, measures are visible. However, in terms of sustainability (sustainable employment) they are not visible enough. Thus, it can be concluded that the measures are sufficiently visible and transparent, but it is necessary to continue working on their promotion.

- How **relevant were** ALMM?

Having in mind the insufficient available funds, the structure of the unemployed, the situation on the labour market, ALMMs were somewhat relevant, although in the future additional activities could be done regarding their innovation and relevance. This is particularly applicable to reducing the scope of some education and training programmes (for example, for accountants), introduction of some new programmes (for example, for tour guides) and modernisation of some programmes (related to computer literacy and knowledge). *Education and training programmes for well-paid jobs on the labour market are attractive and relevant, such as the training for construction machine operators. Less attractive are programmes for those occupations that are related to tourism and catering, because these jobs are not well paid and working conditions are poor.*

- To what extent were the objectives of ALMM **relevant to the needs of unemployed persons** and labour market?

If the goal is to raise the employability of participants, then ALMMs were relevant. If the goal is sustainable employment, measures should be enhanced (except for support through grant schemes or loans). Many unemployed people do not find a job after participating in the programmes. ALMMs have been successful in partially alleviating the significant shortage of workers in certain occupations, especially in tourism and construction, but intensified activities of all stakeholders are needed to improve the situation. However, the competent organisations and providers of education and training programmes should not always be blamed because *there is an obvious lack of interest for certain shortage occupations, such as chefs who are immediately employed and for whom there is a constant unmet need, especially in the Coastal region. The Employment Agency wants to include as many unemployed people as possible in trainings for catering professions, but there is no interest by the unemployed.*

- To what extent were ALMM **flexible and able to adapt to changes in the implementation**, notably in the situation of the COVID-19?

ALMMs are somewhat flexible and able to adapt to changes in the implementation, particularly in the situation of the COVID-19, but that is still not quite enough. Therefore, in the future it is necessary to continue with activities on improving their flexibility and ability to adapt.

- Were mostly unemployed, in different socioeconomic contexts (e.g. more developed, less developed, urban and rural areas, etc.), **targeted for ALMM** and to what extent were vulnerable groups reached by ALMM?

It can be assessed that the unemployed persons, especially those in vulnerable groups, are sufficiently involved in ALMMs and that measures are fully available to them. The measures are designed for depressed regions so as to successfully help the unemployed there, especially the employment of beneficiaries of material security of the family or training for independent work at the employers. Most measures are implemented throughout Montenegro. Target groups are defined either by the importance of the region (depressed region) or by the characteristics of knowledge and acquired education or personal characteristics such as certain deficits or disorders. However, according to the EAOM's employees, more attention has to be paid to planning measures at the local level. That means that measures have to be planned based on the needs of local and regional labour markets, and according to the structure of unemployed persons (programmes tailored according to characteristics of users).

- How **coherent and complementary** are ALMM among themselves, and with other actions in the area of employment?

ALMMs are coherent and complementary among themselves, and with other actions in the area of employment, but as always there is an available scope for their improvement. Therefore, it is necessary to conduct frequent and more detailed labour market researches in order to achieve coherence and complementarity of ALMMs and other activities aimed at increasing employment. It is also necessary to constantly and persistently improve the understanding and cooperation of actors on the local labour market.

- To what extent were **they complementary and coherent with other programmes** funded by the EU and other donors?

According to the opinion of the EAOM' employees, ALMM measures are fully complementary and coherent with other programmes funded by the EU and other donors. It is mostly about the implementation of the same or similar measures, only some measures are intended for a specific category of unemployed persons. There is a fairly strong link between individual measures, but there is still a need to work resolutely on their complementarity and coherence with other programmes funded by the EU and other donors.

- Which measures should be modified and/or changed and with what it should consist of?

The intentions and purposes of the measures are focused on the acquisition of knowledge, skills and competencies (training programmes), elimination of deficits or disorders in competencies (rehabilitation), as well as employment (certain qualifications). Each measure has its specific goals. The measures should not be significantly modified or replaced, but should only be slightly updated in accordance with the existing needs of employers. Measures linking education (training) and employment should be stepped up, training programmes should be strengthened and the employment period extended after the training.

9 PROPOSALS FOR IMPROVEMENT AND CONCLUSION

9.1 Proposals for all selected programmes

From the large number of collected surveys and focus group proposals and the large number of previous analyses and evaluations, it is quite difficult to give simple and unambiguous suggestions for improvement for all or some of the measures. There is always a certain level of subjectivity, which is very difficult to avoid. At the same time, there is a danger of repeating the improvement proposals for individual measures. Despite these limitations, the following can be proposed for all measures:

- Despite the success of employment policy measures, primarily in preventing the growth in the number of unemployed and according to the satisfaction of all participants in the interviews, especially the unemployed, the focus on hard-to-employ people - those who are furthest from the possibility of successful entry into the labour market, still needs to be strengthened;
- There is still a lack of systematic approach to the needs-based policy-making and development of partnerships between key actors: employers, educational institutions and public employment service. Therefore, before creating measures, it is necessary to conduct regular labour market analyses at the national, regional and local levels, which include research, focus groups, examination of the attitudes of all labour market participants (unemployed, employers, education organisers, employees, policy makers and others);
- Although most employers do not complain about the procedures, it is important to further simplify and speed up the procedure for participation in the measures;
- It is necessary to create programmes tailored to users – the unemployed and employers. It is also crucial to develop measures with greater coverage of individual target groups. It is important to create a measure that would include an education and training programme which would support development of one's own business, i.e. self-employment;
- Measures should be updated, for example, training for tour guides should be proposed, and the scope of individual measures (for example, for accountants) should be gradually reduced. Furthermore, the Employment Agency must have an adequate offer of programmes at all times tailored to the local environment and the structure of the unemployed (e.g. in the North of Montenegro, purchase of medicinal plants, collection of mushrooms);
- It is necessary to strive to advertise further implementation of measures through public tenders several times a year and implement them at the appropriate time of the year (for example, well before the tourism season for tourism businesses). It would be desirable to know the activities that will be supported through these programmes at the beginning of the year, and prepare the unemployed accordingly;

- According to employers' statements, when choosing employers, the Employment Agency usually bypasses non-governmental organisations, while participants in the programme can get the most skills and knowledge from non-governmental organisations. Therefore, it is necessary to continuously work on improving cooperation with the non-governmental sector;
- Procedures for reporting and monitoring the implementation of measures are not sufficiently comprehensive, timely and effective and therefore activities are needed to improve them;
- The public campaign should continuously invite employers to more actively participate in the implementation of ALMMs. The EAOM could consider introducing the *Employer of the Year public recognition for participation in ALMM*.
- There is a need to improve the selection of employers for educational and training activities and compel employers' to participate in covering the costs. Furthermore, it is important to encourage quality and accredited mentors to be in charge of conducting training and implementing individual programmes;
- As mentioned several times before, a large number of vacancies that cannot be filled by domestic labour force indicate that the education system and active employment policy measures in Montenegro have not fully met their primary goal and that there is a possibility to use scarce resources more effectively. At the same time, the Employment Agency cannot be expected to provide the necessary workers for shortage occupations in tourism, catering and/or construction, if employers do not continuously improve the working conditions of these employees, their salaries and other factors (such as accommodation, scholarships, motivation for education for those occupations and the like);
- By improving the functioning of the whole system, especially education, and focusing more on future demand and not spending resources on providing qualifications that do not have (and will not have) sufficient prospects, the public employment service could make further significant changes to focus more on people at a disadvantage so as to enable them to as much as possible participate fully in the labour market;
- It is important to empower participants in measures to report abuse: to inform them about the employer's obligations; provide protection or compensation from the negative consequences of the report to the unemployed person;
- Finally, it is furthermore important to work on improving the knowledge about and public image of the Employment Agency of Montenegro. The surveyed employers are almost all fully aware of the importance and quality of the EAOM, which is an important partner, but they emphasise *that the Employment Agency can do nothing alone to significantly improve the labour market in Montenegro. A genuine improvement requires continuous cooperation of all involved authorities and institutions. Several employers expressed the opinion that the general public is not sufficiently informed and that a marketing campaign, promoting the programmes, would achieve greater interest and better efficiency.*

9.2 Proposals for particular programmes

1. Adult learning and training programmes;
 - The participants achieved more than they expected through the programme, and all of them would participate again because it was excellent. Most respondents would recommend participation in the programme to their friends and acquaintances, but most did not get a job after completing of the programme;
 - There is a need to modernise the programmes and adjust them to the workforce demand.

2. Training for work at the employer programme

- The surveyed unemployed programme participants stated that its content was useful, especially in terms of gaining experience and practical knowledge, but in their opinion the duration of the programme should be extended;
- It is necessary to keep the basic concept of the programme, but strive for its continuous improvement, modernisation and consider the possibility of extending its duration;
- Consider the possibility and justification of simultaneous implementation of other programmes to acquire certain skills, for example: communication skills, computer applications, office operations, foreign languages courses, training for language literacy and computer literacy;
- Possible considerations and suggestions for stricter controls of employers are justified, but care should be taken not to discourage employers from participating in the programme.

3. Training for independent work programme

- The surveyed programme participants expressed a high level of satisfaction with the possibility of acquiring practical knowledge, work habits, motivation and experience;
- There is a need to modernise the programme and adjust it to the workforce demand;
- It is necessary to inform the general public more about all programmes of active employment policy, and especially about the Training for independent work programme, because, according to the unemployed, little is known about it.

4. Stop to grey economy programme

- Maintain the existing structure of the Programme;
- Consistently and regularly inform young people that the programme primarily serves to enable acquisition of practical knowledge, competencies and abilities, and does not guarantee employment in public services;
- Consider the possibility and justification of simultaneous implementation of other programmes such as learning foreign languages and improving computer skills.

9.3 Conclusion

In improving the design and implementation of the active employment policy, it could be very useful to evaluate the effects of implemented measures, so that the available funds are directed to those participants and programmes where the greatest benefits and the best return on investment are. The most common approach to the analysis of the effectiveness of measures is based on a micro-economic approach in which the effect of measures on participants is observed, i.e. on their employment or earnings in a shorter or longer period of time by comparing them with a group of persons with the same characteristics who did not participate in the measures.

Although the implementation of active labour market policy has positive results, the overall demonstrable effects on participants in the relevant measures around the world are generally quite modest. Usually these effects are somewhat more pronounced in the short-term (which is included in most analyses) and weaker in the longer-term, but there are even examples of counterproductive effects of individual measures. The results also depend on the trends of the economic cycle, so in principle the measures give better results in the conditions of general employment growth. Evaluations of individual measures can also fail to consider

the principle of declining yields, i.e. measures applied to a narrow target group are often analysed, but if they were applied to a larger share of unemployed persons, their effect would necessarily decrease. In society and related discussions on the labour market, it is necessary to understand that ALMMs are a good driver of improvement, but they cannot solve labour market problems in terms of increasing employment or a more permanent and significant reduction in unemployment.

A coordinated approach to improve labour supply and demand in Montenegro, through employment and education policy measures, undoubtedly plays a significant role in the successful functioning of the labour market, but there is still room for its further enhancement. This approach could and should play an even more important role in the future development of the labour market as well as in achieving further improvements in its effectiveness.

It is more than positive that the basic concept and goals of the analysed measures were mostly maintained for a longer period so that unemployed persons, education providers, employers and employees of the Agency got used to them. Furthermore, it is positive that the analysed measures are aimed at acquiring knowledge, competencies and expertise, and not at co-financing employment, which in the long run almost always does not generate the expected results. However, as stated, it is important to continuously update the content of the programmes and adapt them to the new conditions on the labour market. All programmes provide an opportunity for the unemployed to retrain and correct wrong choices. Also, the programmes give the unemployed the opportunity to acquire some new skills, which they did not acquire through regular education. In short, it seems that the selected ALMMs in Montenegro are quite effective and efficient, and in order to improve them, some suggestions have made to make them even better.

The Employment Agency is crucial in improving the labour market in Montenegro and implementing ALMMs, but it requires continuous and systematic cooperation of all other stakeholders in society, especially relevant ministries, educational institutions at all levels and employers. Achieving an efficient labour market with low unemployment and successfully satisfying the employers' needs for workforce is not a 100-meter sprint. It is more like a 10-kilometer race or perhaps a marathon that requires strength, courage, perseverance and determination of all included.

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