



Government of Montenegro

**OPERATIONAL PROGRAMME
HUMAN RESOURCES DEVELOPMENT
2012 – 2013**

Final version

Instrument for Pre-Accession Assistance

April 2012

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TABLE OF ACRONYMS

CAO	Competent Accrediting Officer
CBC	Cross-Border Cooperation
CDP	Capacity Development Programme
CFCU	Central Finance and Contracting Unit
CSO	Civil Society Organisation
EUD	Delegation of the European Union
DG ELARG	Directorate General for Enlargement
DG EMPLOY	Directorate General for Employment, Social Affairs and Equal Opportunities
DG REGIO	Directorate General for Regional Policy
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ERDF	European Regional Development Fund
EIB	European Investment Bank
ESF	European Social Fund
EU	European Union
HRD	Human Resources Development
ICT	Information and Communications Technology
IDA	International Development Association
IFI	International Financial Institution
IPA	Instrument for Pre-Accession Assistance
IPA IV OP HRD	Operational Programme for IPA component IV "Human Resources Development"
ISSP	Institute for Strategic Studies and Prognoses
MFAEI	Ministry of Foreign Affairs and European Integration
MIFF	Multi-Annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIPAC	National IPA Coordinator
OP	Operational Programme
OS	Operating Structure
PAO	Programme Authorising Officer
RD	Regional Development
SAA	Stabilisation and Association Agreement
SCF	Strategic Coherence Framework
SC	Strategic Coordinator
UNDP	United Nations Development Programme
ETF	European Training Foundation
MES	Ministry of Education and Sports

INTRODUCTION

Montenegro has submitted its application for EU membership on 15 December 2008. On 9 November 2010, at the request of the Council of the European Union, the European Commission has given its recommendation that the Council should grant Montenegro the status of candidate country. The European Council made a decision on granting “candidate status” to Montenegro for the EU membership. Following that Decision, the IPA Regulation has been amended to add Montenegro into the list of candidate countries¹. Therefore, the country is being supported with financial assistance through three other components in line with the Instrument for Pre-Accession (IPA), established by the Council Regulation (EC) 1085/2006 of 17 July 2006, particularly through the IPA Components III and IV.

IPA consists of the following five components:

- I Transition Assistance and Institution Building
- II Regional and Cross-Border Cooperation
- III Regional Development
- IV Human Resources Development
- V Rural Development

As a potential candidate, Montenegro had access to the following IPA components:

- IPA-I: Transition Assistance and Institution Building Component
- IPA-II: Cross-Border Cooperation Component

By achieving the candidate country status, Montenegro obtained access to other three IPA components, which will become operational upon receiving conferral of management powers for these components:

- IPA-III: Regional Development Component
- IPA-IV: Human Resources Development Component
- IPA-V: Rural Development

IPA Component IV: Human Resources Development will be implemented in decentralised manner, under the rules and procedures that are similar to EU Structural Funds. For conferral of management powers to Montenegro having the main role in programming, managing and implementing the assistance, the authorities of Montenegro have to set up an adequate and effective management and control system ensuring proper management of EU pre-accession funds on a decentralised basis. This encompasses the preparation of a Strategic Coherence Framework (SCF) which is set out on the strategic frame of reference for the Regional Development (RD) and Human Resources Development (HRD) components, as well as Operational Programmes (OPs) covering each of these components.

¹ Regulation (EU) No 153/2012 of the European Parliament and of the Council of 15 February 2012 amending the IPA Regulation (EC) No 1085/2006

1. THE OPERATIONAL PROGRAMME ELABORATION PROCESS

The Government of Montenegro has established a working team in charge of the preparation of the document on Human Resources Development Operational Programme. Based on the decision 01-511 of 2 October 2009, Strategic Coordinator for IPA Components III and IV has been appointed in the MFAEI. For IPA Component IV, Assistant Minister in the Ministry of Labour and Social Welfare has been appointed as the Head of IPA Operating Structure responsible for management of this OP.

The elaboration process of the IPA IV OP HRD required full involvement, commitment and ownership from the relevant authorities.

The first interactive workshop was organized in March 2010 for HRD and it focused on screening the situation in sectors of education, employment and social inclusion in the context of trends in economy, demography, environment and other components of socio-economic development. This interactive session analyzed the socio-economic situation in the main relevant sectors using the SWOT analysis method as the basis for the identification of problems to be solved and selection of main priorities to be included in the programming document.

During March 2010, the interactive workshops attended by all HRD OP stakeholders were held and, on that occasion, the Priority Axes were defined as the areas which will be focused upon in this Operational Programme.

During the period from March 2010 until November 2010, additional workshops were organized by the Strategic Coordinator and the Head of the Operating Structure for Component IV where the priorities identified at the initial meeting in March 2010 were further elaborated. In accordance with the conclusions from these meetings, the following areas were recognised as the most relevant for the OP:

- Efficient and Inclusive Active Employment Policy Measures
- Education and Research
- Social Inclusion
- Technical Assistance

A very important source in designing the IPA IV OP HRD was the ETF Report on “Human Resources Development in Montenegro” which contained very similar assessments regarding the socio-economic analysis and identification of priorities. Furthermore, an important factor which was considered in designing this Programme was the limited financial allocations for the implementation of the IPA IV OP HRD. The best way to make the IPA IV OP HRD as efficient as possible is to focus on the optimum distribution of financial resources and that the proposed actions are consistent and complementary.

In the previous period, three Public Debates were held in relation to the Strategic Coherence Framework and the Operational Programmes for IPA Component III “Regional Development” and IPA Component IV “Human Resources Development”. Furthermore, during the public debates, the representatives of the European Commission, public institutions, NGO and all other stakeholders, had a possibility to give their proposals and suggestions with the aim to improve the strategic documents. Additionally, the comments and recommendations of the European Commission which actively monitored the process of strategic documents elaboration and the process of setting up the Operating Structures for Components III and IV were also taken into account.

1.2. Ex-ante evaluation

In line with the IPA regulatory framework and the Commission’s guidance, the ex-ante evaluation of the Operational Programme was performed with the objective to assess the consistency of the strategy and priorities with the EU and national strategies and to improve the quality of programming by assessing, inter alia, the rationale, relevance and coherence of the Operational Programme, and, as far as possible, the potential effectiveness and efficiency of the planned interventions.

The purpose of the ex-ante evaluation was to provide with all the necessary elements for making improvements to programming before the finalization of the present Human Resources Development Operational Programme 2012-2013.

The ex-ante evaluation was tendered and contracted by the Delegation of the European Union to Montenegro (DEU), and was carried out by an independent expert in accordance with the European Commission’s “Indicative guidelines on evaluation methods: Ex ante evaluation, Working Document No.1” (August 2006).

In the course of the expert’s missions, meetings were held with the Head of the Operating Structure (HOS) and members of the OP Working Group in order to discuss the process of the programming, the content of the OP and its strategic orientations, the major revisions performed in the text of the document, and the setting of the Operating Structure for the IPA Component IV.

A draft Ex Ante Evaluation Report was submitted at the end of July 2011. The initial findings have been thoroughly discussed with the HOS and the members of the OP Working Group during the third field mission of the ex-ante evaluator in September 2011. The report contained an analysis of the OP and a list of recommendations for its improvement, on the basis of which an updated improved version of the OP was prepared by the authorities responsible for IPA IV programming.

The final Ex Ante Evaluation Report of the IPA OP Component IV was based on the IPA OP for Component IV, as at October 2011. A summary of this report is presented in the Annex of the OP.

The findings and recommendations contained in the first ex-ante evaluation report were taken into consideration for the improvement of the OP, as summarised in the following table, integrating the feedback from the ex-ante evaluation exercise:

Main findings and recommendations from the ex-ante evaluation	Changes incorporated in the Operational Programme
Lack of project pipeline	<p>Effort is made to proceed with the preparation of project fiches, which will detail the content and implementation provisions of the actions planned under the various measures of the OP.</p> <p>In addition, a specific Measure has been introduced under the Priority Axis 4 (Technical Assistance) of the OP, with the objective to provide specific and targeted support in the development of a project pipeline.</p>
Early set-up of a monitoring system	Monitoring provisions for the OP have been thoroughly discussed and agreed with the National Coordinator and the National Fund, as they are detailed in chapter 7 of the OP.
Allocation of Funds among the years to prevent absorption difficulties	Using EU assistance (IPA 2011-twinning-light) Operation Identification Sheets will be developed, by which a precise allocation of funds per year and per operation will be identified.
Reinforcing capacities of final beneficiaries	<p>Potential final beneficiaries are receiving support through running IPA project "Strengthening the Management and Control Systems for EU Financial Assistance in Montenegro" and future twinning light (IPA 2011). The absorption potential of future users will start to be developed.</p> <p>Specific provision is made under the Priority Axis 4 (Technical Assistance) of the OP for strengthening the capacity of all relevant stakeholders in the preparation and implementation of projects under the present and the forthcoming IPA HRD Ops.</p>
Better description of the consultation of stakeholders and if necessary obligation to undertake further consultations	In the process of preparation of Operation Identification Sheets, working consultation sessions with all stakeholders will be held in order to the aims of Operation Identification Sheets to the needs of future users. Trainings and seminars for project development will be held in a later stage.
Risk of overlapping between priority axis and measures	After ex-ante evaluation, the number of measures in the OP was reduced in order to ensure complementarity and reduce risk of eventual overlapping of measures. These risks will be additionally reduced by better coordination at the operating Structure level. The coordination will ensure synergy among measures.
Risk on the implementation	The main identified risk regarding the implementation of the OP lies upon the lack of sufficient staff and capacity

	<p>within the institutions responsible for the management of the OP. Effort is made to overcome this issue by increasing the number of staff and by planning specialised training in the framework of the Priority Axis 4 (Technical Assistance) of the OP.</p>
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2. HUMAN RESOURCES DEVELOPMENT POLICY IN MONTENEGRO

2.1. Strategic and Legal Framework

Relevant national strategies, laws and planning documents in the field of human resources development in Montenegro are the following:

- Strategic Coherence Framework 2012-2013
- National Strategy for Employment & Human Resources Development 2012 – 2015
- National Life-long Career Guidance Strategy (2011-2015)
- Strategy for Early and preschool Education (2010-2015)
- Strategy on Development and Financing of Higher Education (2011-2020)
- Strategy for Scientific and Research Activity of Montenegro (2008-2016)
- Strategy for Vocational Education Development in Montenegro (2010-2014)
- Inclusive Education Strategy (2008-2012)
- Strategy for Life-long Entrepreneurial Learning (2008-2013)
- Strategy for Adult Education for Montenegro (2005–2015)
- Strategy for Civic Education in Primary and Secondary Schools (2007-2009)
- Strategy for the Development of Social & Child Welfare in Montenegro 2008 – 2012
- Strategy for the Development of Social Welfare for the Elderly in Montenegro 2008 – 2012
- Strategy for the Development of Human Resources in Tourism in Montenegro (2020)
- Strategy for Fighting Poverty and Social Exclusion 2007 – 2011
- Strategy for Improving the Situation of RAE Population in Montenegro 2008 – 2012
- Strategy for the Integration of Persons with Disabilities in Montenegro 2008 – 2016
- Montenegrin National Sustainable Development Strategy (2010 – 2014)
- Montenegrin Tourism Development Strategy by 2020
- National Action Plan for the Decade of Roma Inclusion 2005 – 2015
- National Employment Action Plan 2012-2013
- National Programme for Integration of Montenegro to EU 2008 – 2012 (NPI)
- Action Plan for the Strategy for Integration of People with Disabilities in Montenegro (2010 – 2011)
- Action Plan for the Integration of Sustainable Development into Education System (2008 – 2009)
- Book of Changes (2001)
- Human Resources Development in Montenegro 2004
- Human Resources Development in Montenegro by 2017
- Law on Higher Education (Official Gazette of Montenegro, 60/2003; No. 45/2010 and No. 47/2011)
- Law on Scientific Research Activity (2010) (Official Gazette of Montenegro, 80/2010)
- Law on Social and Child Protection (Official Gazette of of Montenegro, No.78/05)
- Law on Minorities Rights and Freedoms (Official Gazette of of Montenegro 31/06, 51/06 and 38/0 02/2011, 8/2011,)
- Law on Employment and Exercising Right with respect to the Unemployment Insurance (Official Gazette of Montenegro 14/2010)

- Law on Professional Rehabilitation and Employment of Persons with Disabilities (Official Gazette of Montenegro 49/2008,73/2010 i 39/2011)
- Law on Employment and Work of Foreigners (Official Gazette of Montenegro 22/2008,32/2011)
- Framework Agreement between the Government of Montenegro and the Commission of the European Communities on the Rules for Cooperation concerning EC financial assistance under the Instrument for Pre-accession Assistance (IPA)
- National Decree on organization of the decentralized management of IPA components I-IV, adopted on 23rd June 2011 by the Government (Official Gazette of Montenegro, July 2011, No 033/11-4)

The Constitution of Montenegro (Official Gazette of Montenegro 1/07) provides a favorable framework for the protection of human and minority rights. Within this context, a number of strategic documents have been developed and adopted in the last few years:

- Poverty Reduction Strategy Paper (PRSP)
- National Plan of Action for Children in Montenegro
- Strategy for Development of the System of Social and Child Protection in Montenegro 2008-2012
- Strategy for Integration of Persons with Disabilities in Montenegro 2008-2016

From the abovementioned framework of strategic documents relevant for human resources development, as a broader context for elaboration of this OP, hereby we provide a brief overview of several of them as follows:

The National Strategy for Employment and Human Resources Development 2012-2015 represents a continuation of the previous strategy that was also based on a comprehensive and cross-sectoral definition of employment policy, which comprises measures on both the demand and supply sides of the labour market, developmental objectives of employment and of general human resource development.

Due to the above mentioned challenges set by the economic crisis and following the publication of the new EU strategic framework (Europe 2020), a decision has been made that the Strategy and related annual action plans should be more focused compared to the activities set out in the previous Strategy. The total number and the level of complexity of respective objectives and activities/measures have been reduced in order to allow for a more efficient and target-oriented performance management. Detailed mechanisms for the implementation of the activities defined in the Strategy should be designed and reflected in the operational documents that will be developed as a result of this Strategy, i.e. annual work programmes of the Employment Agency, IPA Operational Programmes for HRD, etc.

Considering the challenges related to the slower economic growth, high unemployment rate and high long-term unemployment rate under the strategic Priority I - Increasing Employment and Reducing the Rate of Unemployment, the specific objectives are the following:

- Stimulating job creation through enhancing business environment and labour market management;

- Increasing the efficiency of activation policies with a special emphasis on the integration of long-term unemployed and unemployed young people in the labour market;
- Increasing self-employment. Stimulating entrepreneurship, especially in the underdeveloped areas of Montenegro.

The challenge related to the mismatch between the labour market needs and the education and training system under the priority II - Improving Knowledge, Skills and Competences with a View to Increasing Job Opportunities, and Increasing Competitiveness through Formal and Informal Education and Training – has the objectives concentrated on the following:

- Promoting adults' access to and participation in lifelong learning.
- Increasing the quality of education at all levels and adjusting the education system to the labour market needs

As regards the social inclusion and poverty challenge – under the Priority III - Promoting Social Inclusion and Reducing Poverty – the objectives concentrate on the following:

- Improving the system of social benefits and social services to better target and cover vulnerable groups;
- Integration of disabled persons in the labour market
- Integration of RAE population, refugees and displaced persons in the labour market.

The Strategy for Development of Vocational Education in Montenegro (2010-2014) is elaborated with the aim of determining the direction of vocational education development in order to enable fast response of the educational system to the needs of the labour market, development of qualifications based on learning outcomes in all areas of work, but also to enable the availability of education and training and possibility for everyone to enter the system (the young persons and adults, dropouts, vulnerable groups, persons without qualifications). In this view, this document defined the following several key priorities: 1) strengthening institutional and legislative framework; 2) strengthening social partnership; 3) decentralization; 4) linking vocational education with the labour market, through further development of Montenegrin qualification framework, sector commissions, occupation standards and educational programmes, as well as recognizing non-formal and informal learning; 5) availability of education; 6) quality of vocational education; 7) teachers and school management; 8) financing of vocational education; 9) international cooperation.

The objectives of the **Strategy for Development and Financing Higher Education (2011-2020)** are the following: 1) provision and promotion of the quality of higher education; 2) linking higher education and the labour market and raising entrepreneurial and innovative character of education; 3) participation of the population with higher education with 30-34 years of age should be at least 40% in 2020; 4) establishing the model of lifelong learning based on best international practice; 5) research oriented higher education; 6) internationalization of higher education.

The Strategy for Education of Adults in Montenegro (2005-2015) defines the following:

- obtaining at least elementary education and first occupation for all citizens;
- training for employment of adults who did not complete education for the first occupation or for professional rehabilitation;

- retraining , additional training, training and supplementary training of unemployed persons and persons employed in enterprises and other forms of organizing;
- providing education and acquiring knowledge and skills adequate to personal capacities and age of individuals.

In the **Strategy for Scientific and Research Activity 2008-2016**, the objective relating to human resources development refers to promotion of staff potentials for development of science and technology, primarily through development of young staff and inclusion into European Research Area – ERA. In order to make this objective operational, the Government of Montenegro adopted the Action Plan for Increasing Mobility of Researchers 2011-2012 in March 2011, consisting of the following operative objectives: 1) strengthening the grounds for outgoing mobility; 2) promotion of incoming mobility and 3) strengthening inter-sectoral mobility.

The Strategy for Integration of Persons with Disabilities in Montenegro 2008-2016, apart from the measures and activities provided in the field of health care, social protection and education, also provides special measures in the field of professional rehabilitation and increase motivation for participation in training programmes and other measures of employment, as well as providing services of psycho-social assistance, in close cooperation with the Employment Agency and Social work centres.

2.1.2. National Socio-economic context

Montenegro regained its independence at the referendum on 21st May 2006. In political sense, it is the country of parliamentary democracy in which democracy, rule of law, respect of human and minority rights are the basic values contained in the Constitution that was adopted by the Parliament in 2007. Independence was followed by a rapid process of international recognition and accession to international institutions and organizations.

Furthermore, as a strategic national priority Montenegro has set the Euro-Atlantic integration and more dynamic participation in the process of the EU enlargement: in January 2007 the EU Council issued a decision on the European partnership with Montenegro, while the Stabilization and Association Agreement was signed in October 2007 (with coming into force on 1st May 2010). In October 2007 the Interim Agreement on trade and trade issues was signed, in November same year the Framework Agreement on the Instrument of Pre-accession assistance, while the right to visa-free entrance and residence in Schengen countries the citizens of Montenegro gained in December 2009. With general political consensus and high public support for EU membership, Montenegro has submitted a request for EU membership on 15th December 2008. as a country that shares common values of the EU Member States and wants to contribute to the common European project. The requirement for membership has initiated a number of comprehensive internal reforms and intensive preparations for the opening of accession negotiations that resulted with adoption of the Montenegrin National Program for Integration to EU on 5th June 2008, for the period until the end of 2012. This document represents not only an instrument for coordination of reforms, but is also a source of information for European Commission and EU member states on the one side and for Montenegrin public on the other side, and represents a strategic framework for overall democratic and economic reforms in the country. On 9th November 2010 the European Commission gave a positive Opinion on Montenegro's application for membership, indicating that Montenegro is a functional democracy with stable institutions that guarantee the rule of law and has a functional market economy. European Commission has recommended that the Council should grant a candidate status to Montenegro, while the start of accession negotiations would depend on successful implementation of the

recommendations in seven key areas that the European Commission has pointed out in the Opinion. On the basis of the European Commission's Opinion, on 17th December 2010 the European Council gave candidate status to Montenegro and the decision on opening the accession negotiations was conditioned with fulfilment of the seven key priorities. On 12th 2011 the European Commission published the Progress Report where the Montenegrin efforts so far have been positively assessed, taking into the count the period since receiving candidate status in December 2010 and fulfilment of priorities in seven key areas, and recommended opening of the accession negotiations with the EU. At the session held on 9th December 2011, the European Council welcomed the European Commission's assessment. On 29 June 2012 it was decided to open accession negotiations with Montenegro.

According to the Census that was conducted in April 2011, Montenegro has 620. 029 inhabitants, with a significant concentration of population in several major cities (in Podgorica, Niksic and Bijelo Polje is concentrated around 50% of the total population of Montenegro). The density of the population is different and varies from 307 inhabitants per square kilometres in Budva to less than 10 inhabitants in Zabljak. The age structure of population is changed due to reducing participation of population under age of 14 and increasing participation of the older population. Montenegro is ethnically diverse country and according to aforementioned Census there live 44,9 % Montenegrins, 28,73 % Serbs, 8,65 % Bosnians, 4,91 % Albanians, 3,31 % Muslims and 1,01 % Roma people. In Montenegro also reside more than 12.200 of displaced persons from Croatia, Bosnia and Herzegovina and Kosovo.

During the transition period that lasted longer than one decade, the system of market economy and institution building has being established, including enhanced capacities of public administration in terms of political, social and economic transformation. Strong commitment to Euro-Atlantic Integration, as a key priority, also urges to continuous enhancement of administrative and institutional capacities. In terms of economic trend, Montenegro has almost finished the first phase of the transition reforms. Over 85 % of Montenegrin enterprises have been privatized, liberalization of prices has been achieved, macroeconomic stability has been set up and the Euro has been launched as an official currency since 2002. Until the moment of gaining the independence in 2006, the average rate of the economic growth was 3 %, while the period after the independence and until the global economic crisis was marked with high growth rates, over 8, 7 %. Such high growth rates were created due to the increase of direct foreign investments, which according to the World Bank data in 2007 were 40 % of the GDP. The major part of the investments was related to tourist potentials and real estates. This economic trend was also caused by the significant achievement in establishing a favourable business environment with low taxes and reduced state influence on business.

During the transition, Montenegro faced changes in the economic structure. Therefore, the service sector has the primary role by participating over than 73 % in the GDP, while the sector of economy, small and medium enterprises, represent 99 % of the total number of enterprises in Montenegro. However, it has to be stressed that an evident need for the increase in productivity, innovation and competitiveness of these enterprises.

The consequences of the global economic crisis in Montenegro became visible in the last quarter of 2008, which at the first instance, had an impact on the banking sector with the rapid decrease of credit activity and the withdrawal of deposits. As a consequence, this resulted with decreased liquidity in the economy and decreased number of activities in almost all sectors, especially in the sector of industry, as well as in the reduction of the import.

Therefore, according to the MONSTAT data in 2009, Montenegrin economy has achieved a real decline of 5, 7 %. During the same year, the inflation, measured by the index of market prices has reached a low level of 1, 5 % and the budget deficit was 2, 3% of the GDP. The economic recovery began during the second half of 2010, based on the more favourable results of the touristic season and the recovery of the industrial sector. According to the MONSTAT data, the growth was 2,5%, while the decrease of

the inflation of 0, 7% was achieved due to the reduction of the aggregate demand. In 2011, the inflation rate of 3, 6% was caused by the increase of fuel and oil derivatives.

The lack of the credit activities in the banking sector, illiquidity of the economy and the growth of the state debt are still the significant factors that slow down the economy growth.

More details on the socio-economic context are given in the chapter 3 of this Operational programme.

2.1.3. Strategic Coherence Framework and main findings

Strategic coherence framework has been prepared by the Ministry of Foreign Affairs and European Integration, and represents the umbrella policy document governing the priorities for IPA components III and IV. Strategic Coherence Framework is based on:

- National strategic documents;
- Strategic documents concerning the European integration process of Montenegro;
- Multi-annual Indicative Planning Document for Montenegro 2011-2013;
- Relevant sectoral strategic documents

The SCF is focused on three sectors: Environment, Transport and Human Resources Development including Education and Science. Due to lack of financial resources and in order to expect a higher impact of the Programme, it has been decided not to focus on the competitiveness sector. Within this framework, two Operational Programmes have been defined. One of them is focused on Regional Development, including transport and environment. The other is centred on Human Resource Development with special focus on areas such as education, employment, research and innovation and social inclusion activities.

Regarding the component Human resources development, SCF is focused in reducing the gap between the existing skills of the labour force and the new requirements of the labour market. The aim should be in line with the EU Strategy for 2020 which is “more jobs, higher employment rates of the working age population, better jobs, with higher quality and increased productivity, and fairness, security and opportunities, through a real chance for everyone to enter in the labour market, create new companies, and manage labour market transitions through modern and financially sustainable social and welfare systems”.

Four priority measures are identified within SCF:

- Efficient and Inclusive Active Employment Policy Measures
- Enhancing Skills, Knowledge and Competences for Employability and Competitiveness
- Enhancing Social Inclusion
- Technical Assistance

2.2. Institutional Framework

The main institutions that will be targeted by IPA IV OP HRD Operational Programme or involved in implementation of activities planned within this OP are the following:

- Ministry of Labour and Social Welfare
- Ministry of Education and Sports
- Ministry of Science
- VET Centre
- Employment Agency of Montenegro
- Chamber of Commerce
- Montenegrin Employers Federation
- Confederation of Trade Unions of Montenegro
- Union of Free Trade Unions of Montenegro
- Secondary schools
- Universities
- Human Resources Management Administration
- Adult Training Providers
- NGOs

2.3. Compatibility and harmonization with the national policies and the policies of the European Union

2.3.1. Harmonization with the priorities of the European Union

European Partnership (EP) and **the Stabilization and Association Agreement** (Article 102) call upon development of quality in the education system in Montenegro.

2.3.1.1. European Partnership

In the European Partnership Implementation Action Plan (EP Action Plan), in the chapter Human Rights and Protection of Minorities, one of the defined mid-term priorities is ensuring the inclusion of disabled or minority children in the mainstream education.

Further in the EP Action Plan a number of social inclusion objectives are envisaged to be carried out by the Ministry of Labour and Social Welfare, (the Ministry of Education and Science (now these are the Ministry of Education and Sports and the Ministry of Science), the Employment Agency of Montenegro, etc. Among others, these objectives include the further upgrade of the policy formulation and monitoring capacities of the Ministry of Labour and Social Welfare, with an emphasis on labour market integration of young people, women and vulnerable groups, and on modernizing social policies.

This operational programme will directly contribute to the principles and priorities set forth in the European Partnership, which particularly emphasize the system for ensuring quality in education, including the sector of higher education, as one of the most significant priorities. The middle-term priority of the European Partnership is promotion of the flexible labour market, which will be directly contributed by quality education system.

2.3.1.2. Stabilization and Association Agreement

The Stabilisation and Association Agreement (SAA) emphasizes in Article 102 that education and training are at all levels of education and training is to be free of discrimination on the basis of gender, race, ethnic origin or religion.

In the EU Progress Report 2008, the following is noted in chapter 4.1.8 Employment and social policies: "...The 2007-2011 Strategy for Reduction of Poverty and Social Exclusion was re-focused on four fields (health, education, social protection and employment)". Regarding on social protection, in November 2007 (for the period 2008 – 2012) the Government adopted the Strategy for the Development of Social and Child Protection, the Strategy for the Development of Social Protection for the Elderly and the Strategy for the Inclusion of Persons with Disabilities in Montenegro. The National Programme of Integration into EU 2008-2012 (NPI) contains a sub-chapter on Children's Rights under the section "Political Criteria".

Therefore, setting out strategic and legislative framework for the human resources development policy, as well as a significant number of institutions that are included in that development, efficiency of the policy will largely depend on their good coordination during the implementation of this Operational Programme.

The Programme will additionally support the efforts of the state to meet the obligations from the Stabilization and Association Agreement (SAA) (Article 102), which specially emphasises modernization of education system and harmonization of the system in Montenegro with the provisions of Bologna Declaration in the field of higher education. The Stabilization and Association Agreement also emphasizes that access to all levels of education and training should be free of discrimination based on gender, race, ethnic origin and religion.

2.3.1.3. Europe 2020 Strategy

The new Europe 2020 Strategy considers that the key initiator for the future is "creating competitive, connected and greener industry" and this Operational Programme will be fully in accordance with the actions promoting this concept.

The Europe 2020 Strategy - a strategy for smart, sustainable, inclusive development - was adopted by the European Commission in March 2010. It presents a continuation of the Lisbon strategy, which for many EU countries was unattainable goal, especially in the field of labour and the labour market, as well as sustainable development, and also represents the EU response to the global economic crisis that has required a reassessment and redefinition of goals in all European areas of activity.

The adoption of the Strategy 2020 marked a new beginning, which should be aimed at creating a stronger and more competitive Europe over the period of ten years. Short-term goal of this strategy is successful recovery of all its member countries from the financial and economic crisis and the long-term goal of creating jobs and ensuring a better life for their citizens. The strategy represents a set of very ambitious task, and defines a framework for ways to make them.

The European Commission has identified the five measurable goals that the EU should reach the 2020, which relate to employment, research and development, climate change and energy, education and the fight against poverty.

The 5 main objectives are:

1. 75% of the population aged 20-60 years should be employed;
2. 3% of GDP in the EU should invest in research and development;
3. EU should meet climate and energy goals, "20/20/20" (including an increase to 30% reduction in emissions if circumstances permit);
4. Percentage of early education leavers should be below 10%, and at least 40% of the younger generation should have completed tertiary level education;
5. 20 million should be less at risk of poverty.

As highlighted in the Strategy, these objectives represent three priority areas of smart, sustainable and inclusive growth, and are developed through the so-called 7 Flagship Initiatives:

1. "Innovation Union" with the aim of improving the framework conditions and the availability of funding for research and innovation to ensure the ability to transform innovative ideas into products and services that create growth and jobs;
2. "Youth in Motion" to increase system performance and facilitate the educated youth entering the labour market;
3. "Digital program for Europe" to a increase use of broadband connections, and the advantages of using a single digital market for households and businesses;
4. "Resource-efficient Europe" with the aim of separating economic growth from resource use, support the transition to an economy that uses low levels of coal, increased use of renewable resources, modernization of the transport sector and promote energy efficiency;
5. "Industrial Policy for the era of globalization" in order to improve the business environment, especially for small and medium enterprises, and the development of strong sustainable and globally competitive industrial base;
6. "The program for new skills and jobs" in order to modernize labor markets and empower people develop new skills throughout life with the goal of increased labor force participation and a better matching of supply and demands, including through a mobile workforce;
7. "European Platform against Poverty" to ensure social and territorial cohesion in a way that everyone benefits from the advantages of work and jobs and that people who suffer from poverty and social exclusion provide a dignified life and participate actively in society.

2.3.1.4. Action Plan for Implementation of the European Partnership

One of the middle-term priorities within the Action Plan for implementation of the European Partnership is to provide inclusion of children with disabilities and children who are members of minority groups into regular education. In addition, it was stipulated that a large number of objectives related to social inclusion are going to be implemented by the Ministry of Labour and Social Welfare, Ministry of Human and Minority Rights, Ministry of Education and Science (now this Ministry is divided in two: the Ministry of Education and Sports and the Ministry of Science), the Employment Agency of Montenegro, etc. Additionally, these objectives imply further improvement of shaping policies and improving capacities for monitoring of the Ministry of Labour and Social Welfare, with the focus on integration of young people, women and vulnerable groups into the labour market, as well as modernization of social policies.

2.3.1.5. Connection with the Multi-Annual Indicative Planning Document 2011-2013 for Montenegro

The purpose of Multi-Annual Indicative Planning Document (MIPD) 2011-2013 for Montenegro is to set out the EU's priorities for assistance to Montenegro on its way towards EU accession during the programming period 2011-2013. In addition to the priorities identified in the European Partnership, one of the main objectives of IPA support to the Social Development sector is to prepare Montenegro for the implementation and management of the European Social Fund and bringing Montenegro closer to EU policies, both in terms of strengthening employment and HRD policy development, as well as building institutional and administrative capacity. In addition, it aims to improve competitiveness of the economy, to promote social inclusion, and to foster quality education.

More specifically, and as mentioned in the SCF, financial support should contribute to creating jobs and increasing the employment rate of the work force, investing in people development, innovation and research; improving educational levels; reinforcing social inclusion; and promoting adaptability of workers and enterprises. Also, it aims to strengthen institutional capacity of the Montenegrin public administration at the national level, as well as at the local level to ensure an efficient management of the local assets. The planned activities are thus related to education and training in a life-long learning perspective, VET reform, inclusive labour market and social inclusion.

The Multi-Annual Indicative Planning Document 2011-2013 points out, among other thing, the need for the following:

- Active employment measures and labour market integration, including promotion of local partnerships; promotion of employability among job seekers and optimisation of labour market; enhancing adult education and lifelong learning;
- Investing in human capital and employability which could include: investment in human capital; and in "Research & Innovation" (probably mainly in innovation for the period of the present MIPD, as the country has not enough capacity for engaging into pure research);

- Promoting social inclusion of the elderly and disabled persons and other persons with special needs;
- Promoting respect of gender equality; fight against domestic violence; inclusive education;
- Institution building to increase administrative capacity in view of, inter alia, conferral of EU funds management.

The MIPD establishes a general commitment in part of Montenegro to implement the legal and policy framework on anti-discrimination in line with European and international standards, which includes the ban of discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

2.4. Lessons Learned

In the previous period, Montenegro has continuously implemented intensive reforms of the labour market, education system and social protection. In this process, it is very important to mention the support from the EU and other international donors in two aspects: making up for the lacking funds and introducing European practice and experience in the process of the mentioned sectors reform.

Until 2006, the EU assistance was within the CARDS programme, and later through IPA Instrument for Pre-Accession Assistance, which mainly referred to development of administrative capacities in three areas, also covered by this Operational Programme.

Considering the above mentioned, it is also important to point out the most significant projects implemented in the field of employment, education and social inclusion, which have largely contributed to a higher level of harmonization with the EU practice:

- In the context of improving the institutional framework and employment policy, large contribution was made by CARDS project 2006-2008 “Labour Market Reform and Workforce Development I”. The project was implemented from 2006 throughout 2008. The approach which was defined through this project represents the inter-sectoral definition of employment policy, competitiveness and social cohesion, where economic and social employment policies support each other.
- The “Labour Market Reform and Workforce Development II” project implemented under the I Component IPA 2008 represented continuous support in line with the previous project. This project was implemented within the framework of IPA 2008 Programme. The basic purpose of this project was to provide support in improving administrative capacities, labour market and education institutions, contributing to development of active labour market measures particularly through partnerships at the local level, as well as developing and establishing frameworks for providing services of life-long career guidance and counselling. Special link between Operational Programme for Component IV and this project reflects in establishing local partnerships, which will strengthen the capacities of the local participants in implementing active labour market policy, as well as for meeting the priorities identified in this Operational Programme.

- The project “National Qualifications Framework and Quality Assurance in Higher Education”, implemented under I Component IPA 2007, provided a base for establishing Montenegrin Qualifications Framework (MQF) and raising the level of higher education quality through creation of the National Strategy for Development and Financing of Higher Education.
- The “Sharing Practice for the Purpose of Better Management of Employment Policy in Cross-Border Region” project, implemented under II Component IPA 2010, is a project that provided the Employment Agency of Montenegro with closer and continuous cooperation with the Employment Agency of the Republic of Srpska, and also other Offices from the region. This project provided many key conclusions and recommendations for improving operation of all employment offices, as well as joint investment into opportunities to reduce unemployment in the region.
- “Better Possibilities for Employment of Young People” is a project aiming to develop the awareness among young people to opt for the professions which meet the labour market demands.
- The “SLID” is an IPD Adriatic Project aiming to contribute to higher quality of life for over 250.000 persons with disabilities living in the Adriatic area including Croatia, Italy, B&H, Montenegro and Albania, through development of effective, innovative and integrated cross-border cooperation and interventions for their social and labour integration.

Additionally, the educational system and VET, as its integral part, were improved through various projects implemented in the previous period in Montenegro and funded by international financial institutions and international donors (GTZ/GIZ, KulturKontakt, Lux Development, British Council, projects supported by ETF, VET 2, IPA 2007, IPA 2008).

- The Lux Development Project provided support, among other things, in designing school development programmes in six schools in the north-east of Montenegro, piloting the MEIS information system in all schools, renovating school buildings, developing resources of employees of the VET Centre.
- The GTZ/GIZ provided support in designing the Handbook for Trainers and vocational guidance model in five phases “Five Steps to Making a Decision on School and Occupation”, while the activities in integrating vocational guidance in education were continued within the IPA 2008 Project. The school teams for career/vocational guidance were established and trained in eight schools. Additionally, GIZ/GTZ enabled designing education programmes and equipping schools for their implementation.
- The British Council provided support for the National Survey of the Labour Market in the Tourism and Hospitality Sector. The modernised Internal Evaluation Handbook was designed in cooperation with the ETF.
- The IPA 2007 Project provided support in implementation of the Strategy for Establishing National Qualifications Framework, enabled designing of the Law on National Qualifications Framework, as well as the review of solutions prescribed by the Law (establishment and work of the Sectoral Commissions in the field of construction and tourism).
- Through the HERIC project – Higher education and research for innovation and competitiveness, which will be financed by the World Bank loan in the period 2012-2017, the crucial reforms in the higher education will be implemented, especially in the field of financing, quality system improvement, students standard improvement, establishment of the national

qualifications framework, as well as improvement of the higher education data system. In addition, it will lead to collection of comprehensive information on effects of introducing the principle of Bologna declaration in our educational system, the data on employability of graduates in their qualifications system which will also encompass the data on knowledge and skills shortages after completed studies and which are necessary for successful integration in the labour market. The Project will also encompass the measures for promoting the internationalization of higher education & research.

Montenegro has started to develop larger technological-innovation infrastructure. In 2011 two feasibility studies were developed, for centre of excellence and for science-technological park. Financing of the first centre of excellence is planned from the end of 2012, through the mentioned World Bank loan (HERIC project). Development of planning documents for scientific-technological park will be done in 2012. The period of realization of this Operational programme will be a period of intensive development of human resources in these structures, and it is the intention that the measures contained in this OP are connected with the mentioned main initiatives. In 2011 OECD finalized a feasibility study for a funding scheme: Vouchers for small and medium sized enterprises in Montenegro, which should be implemented – as a pilot initiative – in 2012. Its goals are improvement of export capacities and innovativeness of SMEs.

The Ministry of Science and the Directorate for the Development of SMEs participate in an international FP7 project, **WBC-INCO.NET**, in which the most efficient policies for stimulating innovation in the Western Balkan region will be identified. Some of the existing findings from this project are incorporated in this Operational Programme.

Besides the abovementioned projects, in order to implement the pre-accession obligations of Montenegro in the optimum manner, it is important to mention the assistance provided by other international organizations working in Montenegro, such as: IOM, ILO, UNICEF, UNDP, etc.

3. ASSESSMENT OF MEDIUM-TERM NEEDS AND OBJECTIVES

3.1. Socio-economic analysis

3.1.1. Overview of economic trends and the impact of economic crisis on those trends

As a small country, Montenegro has undergone radical economic and social transformations in a rather long transition period and became an independent state in 2006. After rapid decline in 1990s, its economy started to recover from 2000. From the period after gaining independence through 2008, Montenegro had a very high annual growth of 8.7% according to MONSTAT's data.

Macroeconomic stability has been achieved and the privatisation process has almost been finalized. The growth has been achieved due to implementation of structural reforms, stabilisation of banking sector, greater inflow of foreign direct investments, growth in the tourism, construction and trade sector and in other types of services. It is important to point out that the privatization included, inter alia, the largest industrial company (aluminium production), telecommunication system, major part of banking sector, capital market and import and distribution of petroleum products.

In 2008, GDP per capita amounted to € 4908, which was more than in the Western Balkans countries with the exception of Croatia. Foreign direct investments were the most important impetus to high economic growth and they amounted to 40% of generated GDP² in 2007. The structure of foreign direct investments changed after Montenegro gained independence in a way that they became more oriented towards tourism capacities and real-estate sector.

The achieved economic growth had impact on the budget as well. Thus, in 2006 there was a surplus at the level of 3.4% of GDP, 6.35% in 2007, while in 2008 surplus was lower and amounted to 1.7% GDP³. After a three-year period of rapid economic growth, Montenegrin economy has considerably slowed down starting from the last quarter of 2008. **Global economic crisis caused decline in economic activity and worsening of macroeconomic indicators.** In 2009, GDP decreased by 5.7%⁴, and after several years of surplus there has been a deficit in the budget including funds in the amount of 2.3%. The recovery of economy started in the second half of 2010 and continued during the 2011. According to the data of the Ministry of Finance, GDP grew by 2.5% in 2010 and the similar growth trend is expected in 2011 according to the prognoses of the mentioned Ministry.

The industrial production has been most severely affected by the crisis so that in 2009 there was an activity decline of more than 30%. In the process, the crisis had a severe impact on the metal industry and related sectors as well, since the possibilities for the marketing of their products considerably diminished. This caused further financial strains, regarding the restructuring of these systems through introduction of credit support programmes and social programmes (redundancies), in order to create

² According to the World Bank data, 2008.

³ Source: Ministry of Finance

⁴ Source: MONSTAT

conditions for continuing work. The crisis caused an activity decline in forestry, construction and transport sectors, excluding transport of goods by road.

In 2009, the number of tourists who visited Montenegro increased by 1.6% in comparison to the previous year. However, the number of overnight stays decreased by 3.1%, which is also a consequence of the economic crisis.

In 2010 and 2011, more favourable trends in the tourism sector were achieved – in 2010 the number of overnight stays of tourists increased by 5.5% in comparison to the previous year, while the number of overnight stays for the nine months in 2011 increased by 10.2%.

In 2009, the inflow of foreign direct investments increased by 65.1% in comparison to 2008, while the structure of inflows also improved through bigger investing in companies and banks and less investing in real estate⁵. In late third quarter of 2010, Montenegrin economy exited recession.

According to the data of the Ministry of Finance, the inflow of foreign direct investments in 2010 amounted to 17.8% of GDP which is for 48% less than in 2009. According to the same source, during the nine months of 2011, net inflow of foreign direct investments was 35.5% less when compared to the same period of the previous year.

In 2010, the industrial production increased by 17% which was especially evident in the power, gas and water supply sector (50%). According to the data of the Ministry of Finance, after the increase by 17% in 2010, the industrial production decreased by 5.9% in the ten months of 2011. This decrease is a result of different trends in subsectors. The mining and quarrying sector generated growth by 2% after the “jump” by 57% in 2010. The processing industry generated growth in the first nine months of 2011 by 8.7%. In this period, the power generation sector decreased by 30% after a growth by 50% in 2010.

For the first three quarters of 2011, the value of completed works in construction is higher by 19% in comparison to the 2010.

It is also important to emphasize that **during a long transition process, Montenegrin economy underwent deep structural transformations.** When compared to 2000, in 2008 (the year preceding the crisis) the share of agriculture in Montenegrin GDP decreased from 12.5% to 8.9%; industry sector from 23.4% to 17.9%; while the share of service sector increased from 64.1% to 73.2%. Tourism became an important driving force for economy growth, encouraging positive trends in transport, telecommunication, construction, real estate sector, food processing and hospitality industry.

The change in economic structure caused the predominance of small and micro enterprises in the mentioned structure. According to the data of the Small and Medium Enterprises Directorate, the SME sector accounts for 99.8% of all registered enterprises and its share in the GDP is around 60%.

⁵ Source: Central Bank of Montenegro – Chief Economist’s Annual Report; 2009.

The most numerous enterprises are those which employ up to 10 employees and they account for 77%, small enterprises account for 9.6%, and medium-sized enterprises account for only 2.8%. The largest number of small and medium-sized enterprises is in the wholesale and retail sector, sector of motor vehicles repair, motorcycles and personal and household goods, and in the manufacturing industry. Such economic structure certainly requires a different workforce demand structure with regard to both necessary knowledge and skills.

According to the report of the European Training Foundation “Human Resources Development in Montenegro”, **Montenegro achieved considerable progress in the improvement of business environment**, creating an environment favourable to business through low taxes and minimization of State impact. Out of total of 183 countries which were involved in Doing Business 2010 report, Montenegro is ranked as 71, and it is ranked 68 out of 179 countries in the research on economic freedom (2009).

The Government of Montenegro is seriously committed to further improvement of the environment recognised by the easier way to conduct business, particularly through regulatory reform and further elimination of business barriers. Regulatory reform should support structural reforms and enable dynamic development and competitiveness of the private sector, reducing the space for the informal sector.

Montenegro is a young and small country and this brings both advantages and challenges with regard to IPA IV OP HRD. It is a relatively diverse country with high levels of unemployment and poverty in the North on one side, central region including a more prosperous Capital City of Podgorica on the other side, and finally the vibrant southern and coastal region with a growing tourism industry. The demands for access to IPA IV OP HRD vary considerably within these three different regions.

3.1.2 Demography

According to data from the Census published in April 2011 (MONSTAT), there are 620,029 inhabitants and 194,795 households in Montenegro.

The largest number of inhabitants is concentrated in Podgorica (30% of total population), followed by Nikšić and Bijelo Polje. Around 50% of total population of Montenegro is concentrated in the mentioned three municipalities. The greatest population density is recorded in the coastal municipalities of Tivat (307 inhabitants per square kilometre), Budva (157), Herceg Novi (132), followed by Podgorica (130), while the least is recorded in the municipalities of Šavnik, Plužine and Žabljak, having less than 10 inhabitants per square kilometre.

The results of final processing of census data will provide more information about population as regards demographic, educational, economic, migration and other characteristics, while for the purposes of this Operational Programme most basic information will be given below using data from different sources.

According to the EUROSTAT data (2009 Pocketbook on candidate and potential candidate countries), population density in Montenegro reaches less than half the density in the EU-27, while the life expectancy is also lower – six years lower for men and eight years lower for women.

Montenegrin population breakdown by age group has also changed. In 2003, when compared to 1991 (Population Census data), the share of elderly increased from 8.2% to 11.9%, share of population aged 14 years and under decreased from 25.3% to 20.6%. According to the Census from 2011, the population in the age group 0-14 makes 19.2% of the total population, working age population (15-64) makes 68%, while the elderly make 12.8% of the total population.

3.1.3. Human resources development and the labour market

Transitional changes, which have lasted for almost 20 years, with higher or lower intensity, and which among other things caused considerable **changes in the economy structure**, have had a decisive influence on the labour market situation and trends.

The sanctions and financial exhaustion of the companies, the loss of markets, lagging behind in technical and technological development, considerably limited the possibilities for the revitalisation of companies, and thus a certain number of the companies that employed a rather large number of workers closed and the workers were made redundant and lost their jobs.

Additionally, up to the 1990s, industrial **labour-intensive branches**, which employed the largest numbers of work force such as e.g. textile, leather industry, wood processing, were located in the northern, less developed part of Montenegro. In the previous period, there was a loss of large number of jobs in those branches, which led to **regional differences** in the employment rates.

The change in economic structure considerably influenced the change of structure in labour force demand in the labour market **and its discrepancy with the supply both as regards the scope and the quality**. Due to the lack of demand for certain types of professions, categories of unemployed with those professions waited longer for employment, so that **the age structure of the unemployed also changed**, which was further aggravated by the fact that younger groups of the unemployed searched for jobs more eagerly, found jobs more quickly and accepted the jobs offered more easily. Faster employment of certain, mainly younger groups of the unemployed, i.e. longer periods of waiting of the older ones influenced the change in the structure of the unemployed persons **according to the periods of waiting for employment**, which, as a rule, caused relatively high **long-term unemployment** levels.

For a long time present **migration trends** from underdeveloped to developed areas, and migrations from rural to urban areas, i.e. village-town migrations, have had manifold impact on structural changes at the labour market.

Demographic changes in the population structure, and especially negative trends which have been present for a longer period and include the share of pre-school children and the children aged 15 years and under in the total population, as well as long-term tendency of considerable reduction in natural increase of population, influenced and it will, in the long-term, have a number of implications **on the labour market structure**.

The short overview of main features of the labour market in Montenegro presented above confirms the point of view that it is a part of wider economic environment and that it may not be observed autonomously i.e. outside that wider context.

Very important areas relating to human resources development may be reflected in the following:

Employment, in the context of human resources development, comprises the first Priority Axis that relies in the strategic sense on the National Strategy for Employment and Human Resources Development 2012-2015, and connection between its key priorities and the Priority Axes of the Operational Programme is given in Chapter 2. It is very important to point out here that through human resources development significant contribution is given to transition of the population from inactivity to employment, i.e. increasing the population activity rate.

Additionally, the unemployment, which is elaborated in more detail in the further text, represents a challenge the solving of which largely relies on human resources development. Provided solutions through measures within the defined Priority Axes of this Operational Programme have the broader strategic framework and base in the already mentioned Employment Strategy. The challenges recognized in the field of unemployment given in the text below will be resolved within the measures provided for in the first Priority Axis of the Programme particularly within improvement and optimization of active employment measures.

Education and research, as a key prerequisite for human resources development, are covered in the second Priority Axis of the Programme, and the situation and developments in this field are given below. The measures proposed within this Priority Axis rely on several strategic documents: the Adult Education Strategy for Montenegro 2005-2015, the Strategy for establishment of the National Qualifications Framework of Montenegro for 2008-2013, the National Life-long Career Guidance Strategy for 2011-2015, the Strategy for Scientific and Research Activity of Montenegro 2008-2016, the Vocational Education Development Strategy in Montenegro (2010-2014), Law on National Vocational Qualification, Law on National Qualification Framework and Strategy on Development and Financing of Higher Education (2011-2020).

Inclusion of persons with low level employability (persons with disabilities and RAE population) into the labour market which is covered by the third Priority Axis of this Programme, relies strategically on the Strategy on Inclusive Education in Montenegro (2008), the Strategy for Integration of Persons with Disabilities (2008-2016) and the Strategy for Improvement of the Position of RAE Population in Montenegro (2008-2012).

The present Operational Programme relates to the period 2012-2013 and covers the above mentioned four issues which are presented in more detail in the further text. Such choice is made due to limited amount of funds earmarked for the implementation of this Operational Programme. For that reason this Operational Programme focuses on mentioned areas although the other measures, like safety at work, social dialogue and other areas of social inclusion, are also of high importance for labour market in Montenegro.

As regards the safety at work, although it is regulated by the amendments to the Law on Safety at Work (Official Gazette of Montenegro 26/10), the key activities to be implemented in the following period refer to the need for harmonizing the national legislation with the European legislation in this field. This obligation is also provided in the National Plan for Integration and implementation of the Twinning project “Harmonization and Implementation of Legal Regulations for the Labour Inspection and safety at Work Inspection with the EU Acquis” which should start its implementation.

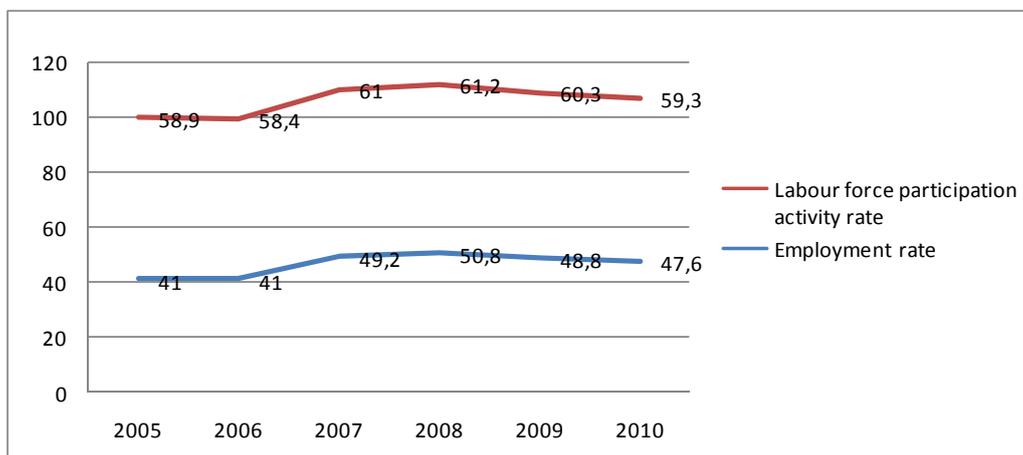
The social dialogue, as an important instrument for stabile relations in the labour market in Montenegro, is established at a relatively good level, both at the legislative and institutional level. It is regulated by the Labour Law, the Law on Social Council, the Law on Trade Union Representativeness and the Law on Peaceful Settlement of Labour Disputes, as well as the General Collective Agreement and 17 Branch Industry Agreements. At the national level, the social dialogue is largely conducted within the Social Council, the Labour Fund and the Agency for Peaceful Settlement of Labour Disputes. What still needs to be done as regards its improvement is the development of social dialogue at the local level, improvement of bilateral social dialogue and working conditions of the Agency for Peaceful Settlement of Labour Disputes.

Other categories related to social inclusion (women, elderly, poor, refugees) point out to multiple and multifaceted aspects of segregation in the labour market regarding the mentioned categories of the population. Low level of their participation in the labour market surely points out to the need for increasing their inclusion in the labour market. Improvement of the position of these categories is covered by the measures and activities of the Strategy for Development of the System of Social and Child Protection in Montenegro 2008-2012, the Strategy for Social Protection of Elderly Persons in Montenegro 2008-2012, the Strategy for Combating Poverty and Social Exclusion 2007-2011 and the Strategy for Inclusive Education in Montenegro (2008). However, this Operational Programme provides support for greater inclusion in the labour market of persons with disabilities and RAE population, and therefore during this Programme there is a lack in both time and finances to provide adequate support to all the mentioned categories.

3.1.3.1. Labour force activity and employment rate

Although labour force participation in the labour market had been increasing before the global economic crisis, labour force activity is still low, especially when compared to the EU Member States. According to the MONSTAT data, the activity rate of population aged 15 to 65 years was 61.2% in 2008, 60.3% in 2009, and 59.3% in 2010. The activity rate of male population was higher than the activity rate of female population (in 2008, 69% compared to 53.0%), and it was higher in population with university degree (88%) compared to the population with primary school education (32%). In 2010, the activity rate of men was 67.1%, and of women 51.7%. Decrease in 2010 was caused by the global economic crisis.

Chart 1: Labour force activity and employment rate



Source: Monstat

According to the research conducted in the mid 2007 by the Institute for Strategic Studies and Prognoses from Podgorica (ISSP), out of total of 627,078 inhabitants in Montenegro, **422,509 or 67.4% represent working-age population** (population aged between 15 and 64 years). Out of that, 250,125 or 59.2% is **active** population (69.0% of men, and 49.2% of women), and 172,384 or 48.2% is **inactive** population (38.2% of men, and 61.8% of women)

In working-age inactive population the greatest share have those with a 4-year secondary school degree (29.7%), followed by persons who finished primary school (24.5%), and those with a 3-year secondary school degree (20.7%).

The main reasons for inactivity are: schooling and pursuing university studies 29.9% (51,543); retirement 15.6% (26,892); health reasons 12.5% (21,548); caring for children 9.4% (16,204), etc.

As regards **composition of labour force by educational attainment**, the table below indicates the education levels of employed and unemployed persons. It can be observed that the largest percentage of both employed and unemployed members of the workforce are people who have attained secondary vocational school education.

Table 1: Composition of labour force by educational attainment

Education	Employed	Unemployed
	in % of total	
Unfinished primary school	1.6	1.6
Primary school (8 years)	8.8	14.4
1-3 year vocational secondary school	12.7	20.2
4 year vocational secondary school	47.8	46.1
general secondary school	6.3	5.7
1 year non university degree	5.8	3.2
University and postgraduate degree	17	8.9

Source: Monstat, Labour Force Survey (2009)

Regarding the **employment**, the table below shows that the service sector in the Montenegrin economy includes 72.8% of the total work force employment in 2009, and that this percentage is similar to the percentage in Western European EU Member States. Industry employs 20.7% and

agricultural sector 6.5%. These labour force employment figures have not significantly changed in 2010.

The average **number of employed people in Montenegro had been increasing until the outset of the global economic crisis**. As shown in Table 2 below, the number of employees decreased from 221,900 in 2008 to 213,700 in 2009. According to the 2010 Labour Force Survey (LFS), the number of employed people decreased to 209,400. More women are working (there is a significant increase - from 35.6% in 2005 to 43.5% in 2008), but they are still under-represented in the workforce (43.5% v 59.5% for the average in the EU 27). According to the 2010 LFS, the share of women in the total number of people employed was 41,0%.

Table 2: Sectoral Distribution of Employment for 15+ age group⁶

Sectors	2006	2007	2008	%	2009	%	2010	%	Index 2010/2006
Agriculture	12,1	18,4	16,8	7,6	13,8	6,5	12,9	6,1	106,61
Industry	34,6	37,3	47,6	21,4	44,3	20,7	41,8	20,0	120,46
Services	131,5	157,0	157,5	71,0	155,6	72,8	154,7	73,9	117,73
Total	178,2	212,7	221,9	100	213,7	100	209,4	100	117,44

Source: MONSTAT, 2010 LFS and Publication on Annual Data of Sectoral Employment Distribution

As it is shown in the table below, the four main employment sectors are wholesale/retail trade, manufacturing, public administration and tourism, as follows:

Table 3: Employee distribution by activity sector (Year 2010)

Work activity Sector	Total Employees	Men	Women
Total activity sectors	166,221	92,752	73,469
Agriculture, forestry and water-power economy	2,651	1,873	778
Fishing	129	78	51
Mining & Quarrying	3,721	3,223	498
Manufacturing	24,335	17,376	6,959
Production and supply of electricity, gas and water	6,042	4,965	1,077
Construction	8,831	7,454	1,377
Wholesale and retail trade, repair of vehicles, personal and household	31,854	14,430	17,424
Hotels & Restaurants	14,641	7,790	6,851
Transport, Storage & Communications	12,798	9,343	3,455
Financial Intermediation	3,476	1,572	1,904
Real Estate, Renting & Business Activities	5,631	3,379	2,252
Public Administration & Compulsory Social Security	18,643	8,036	10,607
Education	12,892	4,909	7,983
Health & Social Work	12,356	3,571	8,785
Other Community, Social & Personal Service Activities	8,221	4,753	3,468

Source: Monstat

According to the Institute for Strategic Studies and Prognoses (ISSP), the major share of employees is in the SME sector which employs less than 250 employees. In 2007, the share of the SME sector in overall employment was 88%. Small enterprises employing less than 49 employees had a share of 50.4%, while the medium-sized enterprises had a share of 27.6%. The small and medium-sized enterprises represent 99.8% of businesses and 60.0% of national gross domestic product.

Furthermore, out of the total number of people employed 79% have the status of an employed worker, while 21% are self-employed, the owners of small enterprises, farms and unpaid family workers. There is a high level of undeclared work, i.e. a considerable level of informal employment in the Montenegrin labour market. According to the ISSP Labour Force Survey 2007 data, 22.6% of the total number of people employed worked in an unregistered company or were undeclared, while 17.5% of registered employed persons paid social security contributions only on 50% of their actual wages.

Montenegro has also a large informal economy, estimated to account for about 25-30% of GDP (ETF Review – April 2009). This informal employment plays an important role in the labour market, providing additional flexibility and income for people who are otherwise unable to secure formal employment. Informal employment, however, deprives employees of their social rights, including rights such as 1-2 days/week off, annual leave, social security, etc.

3.1.3.2. Unemployment

According to the MONSTAT's LFS data, the unemployment rate was substantially reduced from 30.6% in 2005 to 16.9% in 2008. In 2009 it rose up to 19.2% and up to 19.8% in 2010. In the third quarter of 2011, the unemployment rate was 19.5%.

Such unemployment rate trend is a consequence of the impact of global economic crisis on the labour market which has been felt more since the last quarter of 2009. The registered unemployment rate had a similar trend. According to the records of the Employment Agency, it was reduced from 18.6% in 2005 to 10.7% in 2008, after which it rose to 11.4% in 2009 and 12.1% in 2010. In 2011, the registered unemployment rate was 11.55%.

As shown in the table below, the unemployment rate has been higher than the EU 27 average and the majority of the EU Member States until 2008. However, increase rate for 2009 in Montenegro has been relatively well controlled compared to other EU countries such as Latvia and Lithuania which have been more affected by the crisis.

Table 4: Unemployment rates comparative benchmark

Unemployment rate	2005	2006	2007	2008	2009	2010
Montenegro 1	23,9	14,7	11,9	10,7	11,4	12,12

⁶In Table 3.2 the increase figures shown for 2006-2009 represent an increase in the number of 15+ age group employed in the sectors mentioned, while the variation figures shown for 2006-2009 represent a percentage variation (plus or minus) for the 15+ workforce in the sectors mentioned.

Montenegro 2	30,6	29,6	19,3	16,8	19,2	19,7
Croatia	12,7	11,2	9,6	8,4	9,1	11,8
Slovenia	6,5	6,0	4,9	4,4	5,9	7,3
Portugal	7,7	7,8	8,1	7,8	9,6	11,0
Slovakia	16,3	13,4	11,1	9,5	12,0	14,4
Lithuania	8,3	5,6	4,3	5,8	13,7	17,8
Latvia	8,9	6,8	6,0	7,5	17,1	18,7
Romania	7,2	7,3	6,4	5,8	6,9	7,3
Bulgaria	10,1	9,0	6,9	5,6	6,8	10,2
EU 27	9,0	8,2	7,2	7,1	9,0	9,6

Source:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Table_unemployment_rates.PNG&filetimestamp=20110504123450 ; EAM; MONSTAT (LFS)

According to the records of the Employment Agency, as of 31 December 2011:

- The total number of the unemployed persons, **female participation** was 46.91% and it decreased in comparison to the previous year (44.81%).
- **Youth participation (aged 15-24 years)** in the total number of the registered unemployed persons was 18.11%, and at the end of the previous year 16.54%.
- **Participation of unemployed persons aged more than 50 years** in the total number of the unemployed persons was 33.44 %, and 37.64 % in the same period of the previous year.
- Participation of **long-term unemployed persons** (waiting for employment for more than one year) did not change significantly compared to the previous year and at the end of 2011 it was 57.97 %, while in the same period of the previous year it was 55.92%.
- **Participation of the unemployed persons without completed education and those with completed primary school** in the total number of the unemployed persons was 22.32% at the end of 2011 compared to 23.87% in the same period of the previous year.
- The share of **unemployed persons with 3rd, 4th and 5th education degree** in the total number of the unemployed persons was 58.39% at the end of 2011, while in the same period of the previous year their share was 59.87%.
- Participation of **the unemployed persons with a two-year post-secondary and university degree** was 19.29%, while in the same period of the previous year it was 16.26%.
- There are 7.310 **first-time job seekers**, i.e. persons without registered work experience and they account for 23.95% of the total number of the unemployed persons (as of 31 December 2010 they accounted for 6,990 persons or 21.83%).

Unemployment in Montenegro has several characteristics, which are the following:

1. According to the ETF Report "Human Resources Development in Montenegro" (August 2010) "a prominent characteristics of labour market in Montenegro (and of other markets in the region) is a persistent and high rate of long-term unemployment". A share of long-term unemployment according to the LFS was 81.3% in 2009 and 78.7% in 2010. However, out of the total number of unemployed persons registered with the Employment Agency at the end of 2009, as previously mentioned, there was 55.83% of the long-term unemployed, while at the

end of 2010 the long-term unemployment was 55.92%. In 2011, the share of long-term unemployed in the total number of unemployed was 57.96% .

2. Currently, there is a mismatch between the existing skills of the labour force and the requirements of the labour market. This fact is recognised, and educational and training policies which are being adjusted to address this need as it also impinges on the social inclusion factor.

Structural mismatch of supply and demand is manifested in three forms⁷:

- In the labour market there is demand for labour force of certain profiles, but the education system does not produce a sufficient number of such profiles, primarily due to the lack of interest of students to obtain education in these profiles;
- In the labour market there is demand for labour force of certain profiles, and there is sufficient supply of such profiles in the labour market, but the vacancies are not filled in;
- In the labour market there is supply of certain profiles, but demand for such profiles is not sufficient.

In addition, the negative impact on solving the mismatch between supply and demand also has a lack of counselling and guidance services which are to be given to the population who show little interest in the educational and training programmes that are being provided by the Government.

Improving the matching of the education system output to the skills demand of the labour market is one of three main objectives of the National Strategy for Employment and Human Resources Development 2012-2015.

Labour demand has changed significantly in the context of transition, but it has not led to the creation of sufficient new jobs to absorb the supply. Despite the low pace of job creation, employers complain about skills shortages.

The statistics of the Employment Agency for 2008 show that Montenegro granted work permits to 54.301 **foreign workers to perform seasonal jobs** (10 months of the year), mostly in tourism, construction and agriculture. This statistics has to be viewed against an unemployment figure in the country of approximately 30.000-33.000 registered with the Employment Agency. In 2009, more than 17.000 work permits were issued to foreign workers. In 2010, 14.560 work permits were issued to foreigners, while in 2011 this number was 19.469. The reduction in the number of foreigners working in Montenegro was mainly affected by the economic downturn, however, training, retraining and additional training measures implemented by the Employment Agency also had impact. It seems reasonable to assume that, with properly focused labour market measures linked to development of skills among the Montenegrin workforce, it should be possible to significantly reduce the unemployment figure for the indigenous population of the country. Actions to be carried out under this Operational Programme will address the **issue of the unemployment rate of young people which is higher than the unemployment rate as a whole.**

⁷ Montenegrin Vocational Education Strategy 2010-2014.

According to the LFS (2009), the youth unemployment rate is 35.6%. However, according to the data of the Employment Agency of Montenegro the share of young people in the total number of unemployed persons is 16.35%.

As shown in the table 5, youth unemployment is still high compared to the average of EU 27 Member States with a rate of 35.6% in 2009 compared to 19.6%.

Table 5: Main employment and unemployment indicators, by gender

	MNE	EU 25	MNE	EU 27	MNE	EU27	MNE	EU 27	MNE	EU 27
Categories	2006		2007		2008		2009		2010	
Employment rate (women)	34.8	57.6	41.9	58.3	43.5	59.1	41.6	n/a	41.0	n/a
Employment rate (men)	47.8	72.1	56.5	72.5	58.3	72.8	56.0	n/a	54.3	n/a
Unemployment rate (15-64)	29.8	8.2	19.4	7.1	16.9	7.0	19.2	n/a	19.7	n/a
Youth unemployment rate (15-24)	59.5	16.9	38.3	15.3	30.5	15.4	35.6	19.6	45.5	n/a
Unemployment rate (women)	30.2	9.0	21.0	7.8	18.0	7.5	20.6	8.8	20.7	9.6
Unemployment rate (men)	29.4	7.5	18.2	6.6	16.1	6.6	18.2	9.0	19.1	9.7

Source:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=File:Table_unemployment_rates_EU27.PNG&filetimestamp=20110504123548; Monstat (LFS 2006-2010)

According to the 2009 LFS (MONSTAT), out of the total youth population aged 15-24 years (98.500), 70.100 were inactive. Since the reason for inactivity of 70.000 was education and training, and the share of population aged 15-24 years is the highest in this sense, the unemployment rate is thus perceived as very high. This is somewhat relativized by the fact that the share of young people aged 15-24 registered with the Employment Agency in the total number of registered unemployed persons is 16.3%. However, this does not diminish the importance of the challenge and the need to reduce the youth unemployment rate. Additionally, it is necessary to improve the position of female population in the Montenegrin labour market. According to the 2009 LFS data, the activity rate (15-64 age group) for men was 68.4% and 52.4% for women; 41.6% of women (56% of men) were employed, and 20.6% of women (18.2% of men) were unemployed. The female activity rate is lower in the northern region compared to the central and southern region. However, the data of the Employment Agency show that there were fewer women than men registered in the unemployment records. At the end of 2010, 44.8% of the total number of the unemployed persons were women. On the one hand, this indicates that a great number of women are employed in the service sector, while on the other hand it indicates that there is a great number of women who are inactive.

Apart from all the above mentioned, the regional disparities in economic development cause also disparities in activity, employment and unemployment rates. Thus, according to the 2009 LFS, the activity rate for 15+ age group was 44.4% in the northern region, 54.9% in the central region and 52.4% in the coastal region. The employment rate was 31.6% in the northern region, 44.7% in the central region and 47.0% in the southern region. In the same order, unemployment rate was 28.8%, 18.5% and 10.3%. Regarding the above mentioned, it is necessary to have consistent implementation of the activities mentioned in the Strategy for the Regional Development of Montenegro.

Therefore, as far as the labour market situation is concerned, despite the progress achieved over the last several years in terms of decreasing the unemployment rate and increasing the employment rate whose trend was stopped by the global economic crisis, the Montenegrin labour market still faces serious challenges.

Firstly, there is a relatively low population activity, especially regarding women, a high incidence of long-term unemployment, an imbalance between labour supply and labour demand and, finally, regional disparities in the employment and unemployment levels. All of this could be attributed to several factors – job losses due to restructuring, entry barriers to the labour market (a high level of employment protection and fiscal burden imposed on labour force especially at the beginning of the transition period). However, it should be pointed out that the labour legislation reform substantially reduced rigidity of the labour market and that in the recent several years the taxes and contributions on employees' salaries were considerably reduced. In addition over the recent period a number of strategies and policies were adopted with the view to make Montenegrin labour market much closer to the European Union standards. At the same time new laws were adopted, among which the most important being the Labour Law, the Law on Employment and Exercising Right with respect to the Unemployment Insurance, the Law on Employment and Work of Foreigners, the Law on National Vocational Qualifications, the Law on Recognition and Validation of Educational Certificates, etc.⁸

3.1.3.3. Labour Market Policy

Labour market policy, its priorities and tasks are set up in the “National Strategy for Employment and Human Resource Development 2012-2015”, while concrete measures and activities are defined in the National Employment Action Plan for the period 2012-2013. Coordination at the inter-ministerial level, definition and share of responsibilities are in place, but the **processes of monitoring and evaluation of management of labour market should be improved.**

Governmental policy documents suggest that the leading sector of the economy will continue to be tourism and that agriculture, transport, trade and construction will also grow. These should therefore provide a primary focus for IPA IV OP HRD in the next long-term period in order to secure an adequate number of people with the appropriate knowledge, skills and competences and thus alleviate the need to import labour.

⁸ Assessment of the Labour Market in Montenegro (report by the Institute for Strategic Studies and Prognoses).

There is a need for a shift from the previous growth model based on drivers of external nature to a new growth pattern relying on “home-grown” initiatives, such as innovation, productivity and knowledge intensity⁹.

Active Labour Market Measures (ALMM) are increasingly implemented and, thus, contributing to reduction of unemployment, but they should be more focused on hard-to-employ categories. Taking this into consideration, it is necessary to strengthen the institutional system and provision of services, together with increase in budget allocations. An insufficient system of coordinated **local partnerships** between educational and training providers and employers at the local level is recognised as a barrier to:

- Better understanding of what future labour force skills are required, and
- Developing employment measures that can be focused on realistic employment opportunities.

Active Labour Market Measures (ALMM) include:

- Support to self-employment (including micro-credits)
- Public works
- Subsidised employment for graduates’ first job (mainly targeted at university graduates)
- Training courses
- Job-search and training on applying
- Measures for persons with disabilities and persons from socially disadvantaged groups.

The total number of participants in ALMMs courses during 2009 was 11.181, out of which 238 were disadvantaged individuals and persons with disabilities.

As a result of the current economic crisis there has been a “knock on” effect to labour market measures. The table below identifies the trends in spending funds on labour market measures (passive and active) since 2008. What can be concluded is that spending on passive employment measures is significantly increasing while spending on active employment measures is reducing.

Table 6: Review of public spending on active and passive labour market measures (in EUR ‘000):

Passive employment measures	2008	2009	2010
Unemployment benefits	8,850.6	12,637.9	15,179.8
Share of passive employment measures in GDP	0.28	0.40	0.47
Share of passive employment measures in national budget	0.62	0.82	1.06

Active employment measures	2008	2009	2010
Co-financing of internship salaries	3,556.0	3,526.4	2,450.3
Training and retraining	4,887.0	4,824.9	6,049.6

Operational Programme - Human Resource Development 2012-2013

Loans for self-employment	3,774.0	4,685.7	2,500.0
TOTAL	12,219.0	13,037.0	10,999.9
Share of active employment measures in GDP	0.39	0.42	0.34
Share of active employment measures in national budget	0.85	0.85	0.77

Source: Employment Agency of Montenegro

Table 7: Overview of the number of unemployed persons covered by active employment measures according to the age structure

Active employment measures	2008		Σ	2009		Σ	2010		Σ
	Under 24	Over 24		Under 24	Over 24		Under 24	Over 24	
Interns	473	666	1139	514	583	1097	185	308	493
Training and retraining	1616	3227	4843	571	1640	2211	1391	2539	3930
Public works	252	1044	1296	265	1266	1531	320	1311	1631
Self-employment loans	N/A	N/A	936	N/A	N/A	648	N/A	N/A	554
TOTAL:			8214			5487			6608

Source: Employment Agency of Montenegro

Table 8: Overview of the number of unemployed persons covered by active employment measures according to gender

Active employment measures	2008		Σ	2009		Σ	2010		Σ
	F	M		F	M		F	M	
Interns	647	492	1139	641	456	1097	302	191	493
Training and retraining	2652	2191	4843	1451	760	2211	2331	1599	3930
Public works	400	896	1296	387	1144	1531	489	1142	1631
Self-employment loans	378	558	936	260	388	648	199	355	554
TOTAL:	4077	4137	8214	2739	2748	5487	3321	3287	6608

Source: Employment Agency of Montenegro

The system of cash benefits for protection against unemployment – as in the majority of the Western Balkans countries – is characterised by a low rate of compensation of salary with cash benefit (40% of the amount of minimum salary determined by the General Collective Agreement) and strict rules on

acquiring the right to cash benefit. Cash benefits are received by 34.5% of registered unemployed persons and this coverage rate is still higher than in Croatia and Serbia¹⁰.

3.1.3.4. Education and Research

Comprehensive reform of the education system in Montenegro started in 2001 with the adoption of the important document “Book of Changes”. This document defined the objective to bring the education system in line with new democratic values and market orientation of the Montenegrin society, in accordance with the European and international experience and practice. This, first of all, refers to the establishment of the legislative framework, forming of new institutions and improvement of learning contents and outcomes.

Accordingly, laws were adopted to regulate the fields of general, preschool, primary, secondary, vocational, higher and adult education, including the Law on National Vocational Qualifications, Law on National Qualification Framework and the Law on Inclusive Education. Expert advisory bodies and institutions important for the implementation of the law have also been set up. The Bureau for Educational Services covering the research and development and advisory functions is responsible for quality assurance of education and development of teaching staff. Centre for Vocational Education has the role to manage the system of vocational education (definition of standards, curriculum development, training of teachers and trainers). Examination Centre is competent for the assessment of all levels of education.

The Montenegrin education system is financed from the public resources and it has a centralised character and the Ministry of Education and Sports finances the salaries, current expenses and infrastructural investments. In 2008, investments in education amounted to 4.4% of GDP, which is less than in EU Member States where the allocations for education amount to 5.2% (Ministry of Finance data). However, it is important to point out that the majority of those funds are spent to cover the costs of salaries of people employed in the education sector, so that the funds remaining to improve the quality of education are insufficient.

Allocations for higher education amount to 1.1% of GDP, and the University of Montenegro as the only public higher education institution is financed from the budget which is not the case of private higher education institutions. The funds allocated for adult education are also very scarce and insufficient and according to the Law on Budget for 2008 they amounted to 0.14%. Furthermore, According to the Survey on Labour Market, Qualifications and Educational Needs in tourism and hospitality industry (Employment Agency of Montenegro), the investments of the private sector in training of employees are small and amount to 0.57% of gross income.

Occupational profiles and VET curricula have been broadened and modernised in order to meet the current trends in economy restructuring. New curricula have established new relations between general and vocational subjects and offer elective subjects, but are still time-oriented, and not outcome-oriented. In order to implement the planned activities for modernising the education system, it is necessary to further improve the link between schools and enterprises which is not sufficiently developed in certain sectors. A structured dialogue with social partners has been initiated with regard to education policy issues. The Chamber of Commerce, Montenegrin Employers Federation and Union

¹⁰ ETF Report – Human Resources Development in Montenegro.

of Free Trade Unions have their representatives in consultative and administrative bodies in the field of VET. The involvement of social partners in the education planning phase and in consultative and administrative structures will be significantly improved in the decision making process through the work of Sectoral Commissions whose primary task will be to link the world of labour with the world of education by collecting relevant information on the labour market needs and skills needs.

In line with the EC's 'New Skills for New Jobs' initiative, Montenegro should strive to implement a coherent policy to improve the matching between supply and demand at the labour market, based on an improved labour market information system.

Human resources development is the best guarantee that constant changes in the society will be given the most effective response. To that end, the Ministry of Education and Sports and the Government of Montenegro placed at a very important place **development of skills, knowledge and competences with the aim of better employability and competitiveness in the education system** and set main objectives in the strategic documents which represent the basis for the overall education reform: the Book of Changes, Strategic Education Reform Plans, Strategy for Vocational Education 2010-2014, Strategy for Adult Education 2005 – 2015.

The school network for implementation of the secondary vocational education is composed of 26 vocational and 11 mixed schools. Each school year, the students are offered 98 curricula – 1 two-year curriculum, 31 three-year curricula and 65 four-year curricula, as well as one post-secondary vocational curriculum. There are around 21,000 students in vocational schools which represents 68% of the total number of students in secondary schools. Teaching is carried out by around 2,000 teachers. The existing school network enables acceptance of all students wishing to continue education after completing primary school, but the choice of curricula is still not harmonised with the labour market needs and municipal and regional development plans, which must be dealt with in order to establish strong and continuing cooperation with the social partners and economic operators.

The activities of elaboration of curricula for post-secondary vocational education, in accordance with the legislation, also contribute to the development of vocational education, creating at the same time conditions for licensing post-secondary vocational schools.

New working environment is starting to develop in schools where teaching is different from classical teaching in which the dominant form of work was lecture – examination – evaluation, with a lot more of extra-curricular activities, individual learning, research and cooperation during the process of teaching and learning. The students obtain a lot of information on their own from different sources, often unorganised and non-systematised. Introduction of information technology into schools fundamentally changes the classical approach to teaching and learning. All this places different more complex tasks before teachers which will be solved the fastest by attending high-quality trainings on improvement of teaching. Furthermore, it is necessary to organise special trainings for teachers working in vocational education and are not adequately prepared to work with students with special needs so that they could properly acquire knowledge and skills prescribed by curricula.

In order to facilitate the learning process and raise the awareness of importance of human resources as main strategy for social and personal prosperity, which is not yet happened in Montenegro, both

the curricula and the overall organisation of pre-service teacher training are in need of modernisation. Measures aimed at upgrading teacher educators, their skills and their teaching methods, are almost non-existent. This is an important field that up to now has been neglected in almost all reform designs, but that has a substantial impact on the quality and outcomes of initial teacher preparation. Some progress has been made in relation to continuing teacher training in Montenegro, although it is still designed using a top-down approach and remains at the stage of focusing on individuals rather than on school teams (Nielsen, 2007).

Despite the reforms conducted so far, there are still large gaps to be closed in order for the overall employment rates and female employment rates and the employment rate of the older workforce to meet the benchmarks of the European Employment Strategy. Consequently, it can be said that the education and vocational education and training (VET) systems do not adequately serve the changing needs of the labour market. There has been a lack of comprehensive skills needs analyses to address VET policy, and the communication systems between the labour market and VET need to be improved. There is also a lack of the comprehensive skills needs analyses that are required for VET policy making.

Lifelong learning, one of the fundamental EU principles, has been incorporated by Montenegro into the foundations of the education reform. This is the reason why great importance is recently attributed not only to the formal, but also to the non-formal education and learning.

The concept of Life Long Learning (LLL) embraced framework for education reforms which has focused so far more on designing and implementing changes in the legislation and the layout of each of the different education subsystems, and has been treated as autonomous elements rather than as a part of interlinked elements of one system.

The reforms which launched in 2001 recognise adult learning as an integral part of the education system, and efforts have been made to re-establish it in the new economic and social environment. In the previous period, adult learning programmes mainly targeted unemployed and illiterate individuals, while much less is done to enhance the skills of employees. Adult learning in Montenegro currently plays a corrective or remedial function, offering a 'second chance' to adults to catch up with what they have missed in their formal education – literacy, key competences (ICT, foreign languages), initial vocational training or retraining for low-skilled jobs.

While Life-Long Learning is a recognised policy priority, there is much that still needs to be implemented. Although figures are not available, it is believed that overall there is very little provision (or awareness) of LLL and therefore participation in LLL is low. Levels of educational attainment among the population would suggest that many people do not have, or will not have soon, the levels of skills required that will ensure their employability in the future.

Further efforts are needed in Montenegro to turn the Life-long Learning concept into a reality for change, namely to successfully implement the existing legal provisions for greater openness towards non-formal and informal learning, for recognition of learning outcomes, and for improved transitions between the various education and training sectors. More resources and effort will be needed to

develop a comprehensive and systematic policy approach to guidance that covers the whole spectrum of education and labour market systems.

Against the backdrop of radical economic transformations in Montenegro involving sectoral changes and demands for new skills in the context of severely reduced access to continuing vocational training, there is a great need for new approaches to the re-training and raising education level of the workforce. This should be viewed as an economic investment and not a cost. This calls for a lifelong learning policy that is more sharply focused, and at the same time a higher level of investment by companies in their own human resources development.

In addition, adult learning is not promoted, nor are special incentives offered to educational/training providers or to learners. Compared to formal education, adult learning is much more self-paced and learner-centred and builds on prior work/life experience and needs flexible entrance and exit routes at various points of the learning process. In order to be able to implement these specific features routinely in Montenegro, it should be recognised to a greater extent in the programmes and activities that are being implemented.

Vocational training for adults suffers from the same shortcomings as those affecting formal vocational education. It is mainly supply-driven, and does not adequately serve the needs of businesses; nor does it cater sufficiently for the needs of unemployed people, especially low-skilled workers and long-term unemployed individuals. In addition, there are no indicators in place to monitor and measure the achievement of training objectives and outcomes in training provision for adults. While occupational standards and curricula have been revised, practical skills training, training for key competences and the overall quality of VET provision are still underdeveloped.

Key competences and soft skills are not sufficiently or systematically included in secondary (general and vocational) education curricula, and this hampers the adaptability and flexibility of the labour force at a later stage, that is, in terms of the ability of employees to move relatively easily across sectors and occupations in a rapidly changing labour market.

In view of Montenegro's rapid transformation from an industrial to a service-based economy, and given the post-crisis difficulties in forecasting specific skill needs, it is important to concentrate on developing broader skills that will support flexibility and the transferability of competences and ensure better employability of VET graduates. Educational profiles that focus on narrow skills should be avoided and skills based on modern key competences that can be used in different economic sectors should be developed. A new strategy for key competences and soft skills must start in primary education and continue in secondary education, and encompass adult learning. Teaching for key competences requires further systemic modernisation of curricula in primary education and in VET.

It is important to recognise that human resources capacity building is not just confined to courses and training events although they comprise an important element. It encompasses a wide range of activities including awareness-raising and guidance, formal and non-formal courses and programmes and in-company training, informal learning including coaching and mentoring and learning informally from other colleagues, e-learning and blended learning activities. Lifelong Learning is a fundamental

concept within IPA IV OP HRD but they are not exactly the same. The creation of a learning-oriented culture is a critical component of both effective Lifelong Learning and HRD.

There is a requirement to support broader employee participation in adult learning and in vocational training. This will require companies to invest in staff training by means of awareness-raising campaigns and public-private partnerships that cover the fast and efficient translation of skill needs into dedicated training courses of varying durations, tailor-made and often delivered within companies.

When Montenegro becomes a full member of the EU, it will be expected to demonstrate a commitment to ensuring genuine access to Lifelong Learning, encouraging employers and individuals to increase investment in improving their skills, concentrate public investment on ensuring that those people most in need of help get proper access and achieve the targets set in by the European Employment Strategy and European 2020 Strategy.

There is a prevailing belief in the Montenegrin society that **entrepreneurship**, and consequently entrepreneurship learning, is a set of knowledge and skills necessary to run a business. By taking into consideration only a narrow definition of entrepreneurship learning, a prejudice is established in the Montenegrin society that entrepreneurship is only for those who intend to set up a company. A necessary prerequisite for development and implementation of life-long entrepreneurship learning at all levels of education and training is a proper understanding of its wider context from the part of all direct and indirect participants in the education and training process. The Ministry of Education and Sports and the Ministry of Science have a key role in the development of entrepreneurship learning, but the real progress is only possible with the serious inclusion and support from the part of all relevant stakeholders at national and local levels.

Entrepreneurship is recognised as a key driver to innovation, competitiveness and growth and a required key competence. Entrepreneurship learning provides people with the possibility to develop and apply their creativity to various economic and social contexts.

The Strategy for Life-long Entrepreneurial Learning (2008-2013)¹¹ will assist in development of human capital which will significantly contribute to the creation of a competitive and dynamic economy, capable for sustainable economic growth with more and better jobs and stronger social cohesion in Montenegro. Montenegro is introducing entrepreneurship as an optional class/course into primary education and this sets the foundation for entrepreneurial society. Montenegro is the first country in the Western Balkans to introduce entrepreneurship in primary and secondary education.

In order to raise the awareness of students preparing to take over the responsibility for independent life and introduce them in the business world and the way it functions, the need to introduce **Entrepreneurship** course to secondary vocational education curricula has also been recognised. This course is present in new curricula either as a mandatory or as an optional course. In the curricula in the field of economics, law and administration, entrepreneurship is being learned within the course "Enterprise for Exercise".

¹¹ The Strategy for Life-long Entrepreneurial Learning 2008-2013 provides comprehensive reading material on this subject.

In addition to activities already implemented, further consideration should be given to the need for upgrading the entrepreneurship knowledge of students and young people so that the new generation could enter the world of entrepreneurship ready, to learn fundamental principles on which modern society is based, to develop a positive attitude to commitments, legal framework and responsibilities of the society with the aim of creating a favourable environment for upgrading and development of the knowledge of society. One of the main priorities for achieving positive results in this field is training the teachers in schools and trainers in institutions for adult education provision.

Overview of the key partners in the process of implementing entrepreneurial learning in Montenegro

<p>Line ministries, national institutions and organisations established by the Government of Montenegro:</p> <ul style="list-style-type: none"> • Ministry of Education and Sports • Ministry of Science • Ministry of Labour and Social Welfare • Directorate for Development of SME • Human Resources Management Administration • Bureau for Educational Services • VET Centre • Employment Agency of Montenegro • Chamber of Commerce 	<p>Associations and organisations at national level:</p> <ul style="list-style-type: none"> • Union of Free Trade Unions • Montenegrin Employers Federation • Centre for Development of NGOs • Parents Association • Junior Achievement Montenegro • Centre for Development of Entrepreneurship and Economic Development
<p>Education and training providers – schools, faculties, training centres, people from universities:</p> <p>Parents – Teachers/Trainers – School/University Students – Management</p>	
<p>Institutions, associations and organisations at local level:</p> <ul style="list-style-type: none"> • Local self-government • Non-governmental organisations • Businesses 	<p>Institutions, associations and organisations at international level:</p> <ul style="list-style-type: none"> • KulturKontakt Austria • GIZ (former GTZ) • Help (and other partners able to offer quality assistance and support in this area)

Source: Strategy for Life-Long Entrepreneurial Learning 2008–2013 (July 2008)

Among the institutions listed above, it is worth noting that the Chamber of Commerce could have a pivotal role in the training of entrepreneurs. With some encouragement the Chamber will be able to provide a double positive impact in that they will be first able to provide appropriate training to the heads of SMEs and additionally raise the awareness among these heads about the necessity of providing training to their employees.

The role of teachers as transmitters of knowledge is no longer sufficient. They also need to become facilitators in the learning process, although this is not yet so in Montenegro. Both the curriculum and the overall organisation of pre-service teacher training are in need of modernisation. Measures aimed at upgrading teacher educators, their skills and their teaching methods, are almost non-existent. This is an important field that up to now has been neglected in almost all reform designs, but that has a substantial impact on the quality and outcomes of initial teacher preparation. Some progress has been made in relation to continuing teacher training in Montenegro, although it is still designed using a top-

down approach and remains at the stage of focusing on individuals rather than on school teams (Nielsen, 2007).

Linked to teachers training, Montenegro needs a more developed training market in which both public and private sector **Training Providers** respond to increasing demands from enterprises for training and advisory services. Training providers also need to be further organised into a properly licensed, recognisable quality controlled asset.

The extension of training to those already employed within enterprises and the public sector will require further promotion and further investment. It will also require a more concerted policy dialogue between enterprise representatives and those responsible for training, employment and economic policies, in order to determine options for providing access to affordable training to staff of existing enterprises.

Montenegro has a low share of population with completed tertiary education and a very low number of researchers. Furthermore, the number of young people entering research career is small, which cannot satisfy the objectives set in the Europe 2020 strategy and the initiative of the Innovation Union. The following data illustrate the state of human resources with university degree, students and researchers:

The share of population with tertiary education in the population aged 25-64:

- Montenegro ~ 9.5%
- EU 27 ~ 22.5%

Distribution of students by major fields of study:

- economics 25%
- law 15%
- humanities 12%
- tourism 8%
- information and computer sciences 7%
- maritime affairs 5%
- political sciences 4%
- natural sciences and mathematics 3%
- engineering disciplines 6%

Every year, 0.16 doctoral theses per 1000 inhabitants aged 25 – 34 is defended in Montenegro. EU average is 1.5. Although a statistical survey on science according to the EU methodology will be conducted for the first time in 2011, it is estimated that there are around 313 full-time equivalent researchers in Montenegro, which represents only 1.8 researchers per 1000 employees.

The Research and Development (R&D) in Montenegro has been slower than other economic reforms. R&D activities in the private sector are still at a low level. In general, R&D is not yet sufficiently linked or targeted towards economic development, innovation and increasing business competitiveness. The Strategy for Scientific Research Activity 2008–2016 of Montenegro recommends measures for stimulating R&D in companies, while the new Strategy for SMEs 2011-2015 foresees a number of

bridging initiatives between the research and business sector. The Strategy for Employment and Human Resources Development of Montenegro 2012-2015, in its second priority, sets the objectives of increasing the level of knowledge and skills of employees in order to achieve faster economic growth. Among the suggested measures it indicates stimulation of cooperation among business and research in order to encourage innovation and knowledge transfer.

Montenegro recognised research, technological development and innovation as one of the key factors of development of competitiveness of Montenegrin economy. On the other hand, the indicators of investments in research and development and human resources in science and technology place Montenegro at the bottom of the European scale¹². Studying natural and technical sciences is dramatically falling in the last 20 years as opposed to social sciences and humanities, which does not even correspond to the current labour market needs. In 1990s, a fall was recorded in the number of FTE (Full Time Equivalent) researchers¹³ due to lack of funds, brain drain, excessive burden related to teaching and administration. The situation started to improve but at an inadequate pace. In 2010, the Parliament of Montenegro adopted a new Law on Scientific and Research Activity opening the possibility to improve the quality of research by establishing centres of excellence. In 2011, the Ministry of Science developed feasibility studies for setting up centers of excellence and technology park in Montenegro. The establishment of the new Ministry of Science in 2011 shows a political commitment of the Government of Montenegro to further enhance the research sector.

Since achieving its independence, Montenegro started working on intensifying international cooperation in the field of research and innovations. Since 2008 it has been included in the Seventh Framework EU Programme for Research and Technological Development (FP7), the Framework Programme for Competitiveness and Innovations (CIP), and from 2012 it will also be a member of COST Programme (European Cooperation in Science and Technology) and EUREKA (inter-government network for market-oriented research) – in accordance with the action plans adopted in 2011. Inclusion into these programmes provided a number of active institutions with raising capacities through training, networking and knowledge transfer, procurement of equipment, and similar. Institutions and enterprises from Montenegro, for example, are participating in 26 projects (2007-2010) from FP7 Programme and according to the value of the funds drawn through projects the invested funds are exceeded multiply. However, participation in the programmes of the European Union and other international programmes is not sufficiently intensive or spread throughout the research community. Reasons for that lie in the structural shortcomings of the research system as well as in lack of skills necessary for writing projects and project management.

Since 2010 Montenegro is a member of Pan-European network for instigating mobility of researchers and providing favourable working conditions for researchers – EURAXESS. Two universities signed the declaration on commitment to the EU principles contained in the Researchers Employment Code and the European Researchers Charter, which means that they are ready to prepare conditions to meet requirements for working conditions for researchers, contained in these European documents.

¹² 0.1% GERD; 1.8 FTE researchers per 1000 employees.

¹³ Human resources in research; Montenegro in the 21st Century, p. 469; Montenegrin Academy of Science and Arts, 2010.

In March 2011 the Government of Montenegro adopted the Action Plan for Increasing Mobility of Researchers 2011-2012, prepared by the Ministry of Science and it will direct operational realization of the strategic goals in the field of mobility in that manner in the future. The Ministry of Science and the University of Montenegro have made several analytical studies in the period from 2008 to 2011, some of which financed from EU funds, which point out to shortcomings of the research system and directions for improvement.¹⁴ The goals of the Operational Programme rely on the conclusions of these studies and planning documents.

3.1.3.5. Social Inclusion

Social inclusion is a new concept for Montenegro and is often confused with social protection and social welfare. Poverty was initially the focus since it had become the most visible expression of the deepening social inequalities of the period following the dissolution of Yugoslavia.

Social exclusion has become a visible phenomenon in Montenegro. Over the last several years, before the global economic crises, Montenegro has achieved impressive growth as a result of the economic boom in the construction, tourism, retail, telecommunications and banking sectors. Although this growth has created many opportunities for the human development of the poor and socially excluded, it has not adequately translated into improved social inclusion or poverty reduction¹⁵.

Subsequently, the Poverty Alleviation and Social Inclusion Strategy (Government of Montenegro, 2007) introduced and defined the concepts of social exclusion and inclusion.

There is a perception in Montenegro that poverty is the major driver for social exclusion and the main impediment to social inclusion in the country. Hence, researchers and policymakers have systematically targeted poverty over the last decade.

Poverty certainly remains a problem in Montenegro, especially in the northern region and amongst some disadvantaged groups. Although the economy has been growing, the **impact on poverty has been mixed**. The world economic downturn which of course has had an impact on Montenegro has led to changes in the social infrastructure with poverty on the rise. There are also significant regional disparities in economic development and living standards. Socio-economic inequalities have a negative impact on the access to education and employment.

Roma, Ashkalia and Egyptians (RAE), displaced people, and people with disabilities are among the poorest, most disadvantages and most marginalised groups, and social inclusion policies have only recently been introduced thereby increasing the participation of vulnerable groups in quality education and training and in decent employment, supporting regional cohesion through the development of comprehensive strategies for the northern region, and mainstreaming social inclusion.

¹⁴ Evaluation of research and strategic planning of research at the University of Montenegro – FP7 REGPOT Project 2008-2009;

¹⁵ National Human Development Report 2009 (UNDP)

The RAE and displaced people are largely under-represented in formal employment and experience serious difficulties in finding employment, mainly as a result of their low levels of educational attainment and the negative social stereotypes. The unemployment rate for the RAE population remains around 80% (European Commission, 2009). Many of these individuals are involved in the informal economy. According to a recent survey (UNDP, 2009b, National Human Resources Report 2009 Montenegro; Society for All), only 17% are engaged in any sort of gainful activity (including employment), with a significant evident gender gap as 84% of them are men. The main occupational fields for RAE workers are crafts (12%), repairs (37%) and public sanitation and waste management services (over 50%) (UNDP, 2009b).

Estimate of illiteracy rate among RAE people stands at 72–80% (UNDP, 2009b; European Commission, 2008), with a strong gender imbalance (74% for women, 26% for men), while the illiteracy rate for the Montenegrin population as a whole, according to 2003 census data, stands at 2.35% (Monstat, 2009b). Only 18-20% of RAE children complete primary education, 3.7% secondary education and 0.7% tertiary education (OSI, 2008).

Despite all the measures undertaken in Montenegro within the Roma Education Initiative and the Roma Decade, estimates indicate that 60–70% of the RAE population aged 16–24 do not attend school (FOSI ROM, 2008; European Commission, 2008). As a result of the shortage of kindergarten places, access to pre-school education is limited for RAE children (only 14% of them attended kindergarten in 2008/09 (Government of Montenegro, 2010)); this stage is extremely important in terms of familiarising RAE children with the school environment and the Montenegrin language.

The most important reason for the low participation rate of RAE children in formal education, especially in the early stages, is the language barrier as many RAE children lack a good command of Montenegrin language. In addition, RAE people often lack identity documents and records for their children, and this causes problems with school enrolment. Furthermore, there is a lack of resources for education-related costs, and a lack of a learning culture and tradition, especially in relation to girls and women.

All RAE students in secondary education and higher education were provided with monthly scholarships (Government of Montenegro, 2010), the problem being that only 3.7% of Roma children progress to secondary education (OSI, 2008), while the rest remain outside formal education, or drop out much earlier.

The access of children with disabilities to education in Montenegro is limited, especially when regarding on high-quality education in regular schools. Up to now the education for such children has been conducted predominantly in specialised educational institutions or in specialised classes. The number of students with special education needs in the education system is estimated to be between 2% and 5%; a quarter of these children are considered to have completed only primary school (25.8%), and this considerably limits their future employability (European Commission, 2008).

The inclusive education system that has recently been introduced has faced implementation difficulties as a result of a lack of properly trained teachers, physical infrastructure barriers and social stigmatisation of children with special education needs.

The **labour market inclusiveness factor** needs improvement as the low labour market participation rate and the high rate of long-term unemployment demonstrate that the Montenegrin labour market is far from being inclusive. At 51%, income from work (wages, and revenues from self-employment or agriculture) is the most important source of income for poor people (UNDP, 2009b). Being out of (paid) work for a long time drastically reduces individuals' employability. The poverty rate among the unemployed population is around 16%, accounting for one-quarter of the poor (Monstat, 2009a).

Labour market segregation has multiple and simultaneous dimensions, for example gender and age, regional, urban/rural, formal/informal. Only some of those who are long-term unemployed register with the EOM; an unknown number of discouraged people have given up looking for a job.

According to the Employment Agency of Montenegro, 30% of those who are registered unemployed are considered as 'hard to place' people.

Active Labour Market Measures (ALMM) are not reaching vulnerable groups to an adequate extent. There are several activation programmes specifically targeting vulnerable groups, including public works, subsidised employment and rehabilitation measures, but they have limited scope and their impact remains to be evaluated.

The acceptance of disability in Montenegrin workplaces is seriously limited by prejudice, the lack of accessible infrastructure and social services, and the fear of incurring additional costs. The Law on Professional Rehabilitation and Employment of People with Disabilities, adopted in 2008, aims fighting negative stereotypes and provides for subsidies, as well as for an obligatory quota scheme for the employment of people with disabilities. According to estimated things, only 2% of people with disabilities are currently employed. Employers who do not meet the quotas which are required to pay a special monthly contribution for each person they do not hire, with the money being transferred to the Fund for Professional Rehabilitation and Employment of People with Disabilities, established in 2008.

However, the impact of these measures has been below initial expectations (UNDP, 2009b; European Commission, 2009). Only 58 people with disabilities have been employed since 2008, yet an EOM survey indicated increased interest among employers in hiring such workers, provided they receive a subsidy (EOM, 2009a). These findings suggest that businesses in Montenegro are not fully aware of the incentives that have recently been introduced.

The gender gap in employment and unemployment is considerable. In 2009 52.4% of women (68.4% of men) were economically active, 41.6% of women (56% of men) were employed, and 20.6% of women (18.2% of men) were unemployed (LFS, 2009).

Women's position of disadvantage in the labour market exists despite their comparable qualification levels. These gaps could partly be explained by the extensive maternity leave provisions in the labour law (for example, one year's paid maternity leave), the lack of available part-time jobs and the lack of childcare facilities. There are no gender-specific labour market measures or gender mainstreaming policies in place. Women also face obstacles when starting a business. They have less access to loans

and micro-credit because they lack the required guarantees as only 1% of real estate owners are women (EOM, 2007).

Simple, measurable, accurate, realistic and time bound affirmative interventions promoting pathways to formal employment for vulnerable groups need to be considered in partnership with the private sector. Successful inclusion of these individuals into work requires a coordinated approach that offers support through specialised social services, personalised employment and/or training programmes, and basic income security. The successful implementation of these measures will be heavily reliant on their complementing anti-discrimination awareness-raising campaigns among majority communities, employers, educators and parents.

The key recommendations of the UNDP National Human Development Report 2009 are summarised as follows:

- Develop clearly-articulated Government-wide priorities promoting social inclusion and how to effectively address the issue
- Support public awareness campaigns on social inclusion that will involve the media, NGOs and all stakeholders
- Implement effective reform and decentralisation
- Promote gender equality in combating poverty and social exclusion
- Support the social inclusion of beneficiaries of the social protection system
- Support the social inclusion of the unemployed and long-term unemployed
- Support the social inclusion of retirees with minimum income
- Support the social inclusion of people with disabilities
- Support the social inclusion of the Roma, Ashkalia and Egyptians (RAE)
- Support the social inclusion of displaced persons

While a wide range of active labour market measures have been (and will continue to be) implemented under the Social Inclusion aspect, the main emphasis is the need to be better targeted to include **vulnerable groups**.

3.2. Analysis of needs

This chapter describes the process used by the authorities responsible for the programming for identifying the Priority Axes and Measures that are included in this Operational Programme.

The Problem Tree Analysis arose from the agreed view point among the authorities responsible for the programming that “human resources in Montenegro are not fully developed”. Having in mind this viewpoint, it was possible to elaborate reasons why this situation occurred and the effects of such a situation.

Based on the previous chapter, the needs according to sectors are identified as follows:

1. Employment

- Removing the consequences of structural unemployment through reduction of long-term unemployment
- Improving the quality of labour force based on a better model for determining the needs of the labour market
- Strengthening local partnerships for employment with special focus on employment of the young persons and women

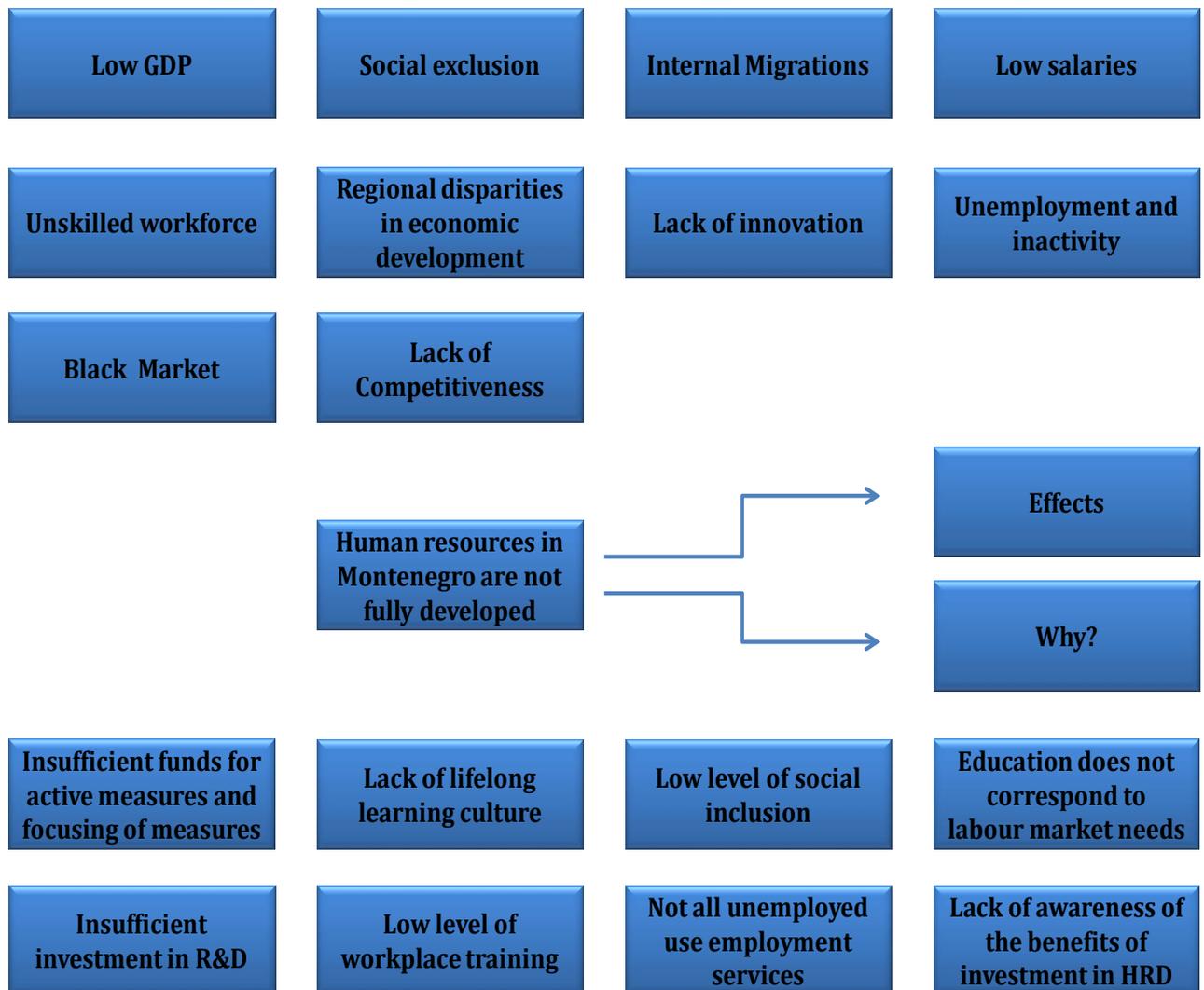
2. Education and research

- Removing the inconsistencies between the existing labour force skills and the labour market requirements
- Developing the qualifications system and making a progress in approximating European Qualifications Framework
- Developing staff potential for research and innovation with the aim to successfully link science and research activity with business sector and better integration into European Research Area

3. Social Inclusion

- Improving conditions for higher inclusion into the labour market for persons who are in an unfavourable position, and particularly persons with disabilities and members of RAE population

Problem Tree Analysis



3.3. SWOT Analysis

At the initial workshop (March 2010) attended by the representatives of all bodies associated with IPA IV Component, as well as the EUD, it was agreed that the following analysis would take the following form, i.e. commence with a Problem Tree Analysis to identify the main areas of concern (Priority Axes) to be addressed by this Operational Programme. This was followed by a SWOT Analysis on each of the priorities identified.

Based on the identification of the four priorities, a SWOT Analysis was carried out on each priority and the table below shows the results of this analysis which is based on information provided by the potential beneficiaries and stakeholders of the IPA Component IV:

STRENGTHS	WEAKNESSES
<p><i>1. Active Employment Measures</i></p> <ul style="list-style-type: none"> • Active employment measures system established • Trend of reduced unemployment during the past few years • Growing experience in implementation of active measures • Starting to establish the system of local partnerships for employment and development of workforce <p><i>2. Education and research</i></p> <ul style="list-style-type: none"> • Wide range of curricula and study programmes • Rising trend in continuing post-graduate education • Increased accessibility to education • Existing high-quality nuclei in science having development potential • Existence of strategic framework at all levels of education and research • Establishment of a separate Ministry for Science 	<p><i>1. Active Employment Measures</i></p> <ul style="list-style-type: none"> • Insufficient funds for covering a greater number of people by active employment measures • Lack of partnerships for investing in training, higher employability of unemployed and inactive persons, especially at the local level • Lack of quality licensed training providers' organisations • Insufficient number of trainers and instructors • Insufficient focus of LMM on most disadvantaged unemployed target groups • Mismatch between the supply and demand in the labour market; structural mismatch <p><i>2. Education and research</i></p> <ul style="list-style-type: none"> • Insufficient focus on the key competences necessary for employment • Insufficient inclusion of business in the system of vocational education and training, higher education and research • Lack of systemic approach to Career Guidance & Counselling • Lack of learning outcomes in curricula at all levels of education • Marginal number of researchers in the private sector • Lack of modular teaching in secondary and higher education • Insufficient capacities for using the EU funds in public and private sectors • Inadequate efforts in encouraging students' creativity • Insufficient practical skills training of teachers in some fields of work • Low interest of students in enrolling vocational education schools and gaining qualifications in shortage • Low interest of students in enrolling faculties of

<p>3. Social Inclusion</p> <ul style="list-style-type: none"> • Strategic and legal framework for social inclusion in place • Social Work Centers exist and their services are available to beneficiaries in each municipality • EAM Branch Offices exist and their services are available to beneficiaries in each municipality • Recent passing of the Law on Anti-Discrimination, the Law on Anti-Discrimination of Persons with Disabilities 	<p>natural and technical sciences</p> <p>3. Social Inclusion</p> <ul style="list-style-type: none"> • Lack of information for vulnerable groups on their rights • Insufficiently developed cooperation of Social Services at local level • Insufficient financial support for implementation of Planning Documents and Strategies • Insufficient possibilities for employing vulnerable groups
<p>OPPORTUNITIES</p>	<p>THREATS</p>
<p>1. Active Employment Measures</p> <ul style="list-style-type: none"> • Higher possibility for as many as possible unemployed persons to join AEMs • Increasing numbers of new training programmes available • Existing experience of the employees in the Employment Agency of Montenegro to be capitalised upon • Higher participation of educational institutions in AEMs • Increased possibilities for training of labour force • Improved motivation by all stakeholders • Improved inclusion of “hard to employ” persons in the employment process • Availability of information related to Active Employment Measures • International Support available (EU and other) <p>2. Education and research</p> <ul style="list-style-type: none"> • Small System – possibility to introduce changes more quickly • EU integration as a process of learning and guidance for both sectors (TEMPUS, FP7) • NQF as a basis for development of qualifications and linking labour market and education and lifelong learning in place • Initiatives started (entrepreneurship learning in schools, creative industries, science promotion, work in schools) • Positive political climate for higher education and research development (establishment of separate ministry of science, approved loan from the World Bank) <p>3. Social Inclusion</p> <ul style="list-style-type: none"> • Enhanced awareness of Local Management of the importance of the Social Sphere • Better opportunities to use the EU assistance from IPA funds • Established cooperation between NGOs and government sector in the field of protection of 	<p>1. Active Employment Measures</p> <ul style="list-style-type: none"> • Continuing Lack of Budget Resources for greater scope of implementation of active employment measures • Prevailing Passive – v – Active Employment Measures (more financial resources from the National budget is allocated for passive labour market measures than to active labour market measures)¹⁶ • Lack of resources for development of human resources for project implementation • Limited efficiency of AEMs due to existence of a large number of passive unemployed persons <p>2. Education and research</p> <ul style="list-style-type: none"> • Slow increase in investments from budget resources for support to building capacities of human resources and infrastructure in education and research sectors • Uneven representation of qualifications in the labour market • Lack of definition of innovation sector at the national level • Long-term non-involvement of a part of professors in research <p>3. Social Inclusion</p> <ul style="list-style-type: none"> • Overburdened due to insufficient number of the employed persons • Insufficient interest to work in institutions • Insufficiently developed standards for services

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persons with disabilities	
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At subsequent beneficiary workshops the number of Priorities was reduced to a total of four including the TA Priority Axis. The final selection of Priorities which are included in this Operational Programme is, therefore, as follows:

- Efficient and Inclusive Active Employment Policy Measures
- Enhancing Skills, Knowledge and Competences for Employability and Competitiveness
- Enhancing Social Inclusion
- Technical Assistance

When these Priorities were further analysed, six Measures were identified to support the priorities as follows:

- to optimise Active Labour Market Measures
- to develop human resources in vocational education institutions and adult education providers on a professional level
- to increase the number and competence of researchers in Montenegro
- to support persons from disadvantaged groups in terms of employment, especially persons with disabilities and RAE population
- to support management and implementation of projects

Table 9: Identifies the link between the Priorities and Measures

Priorities	Measures
Efficient and Inclusive Active Employment Policy Measures	<ul style="list-style-type: none"> • Supporting the implementation of the most productive labour measures for the labour force quality and employment
Enhancing Skills, Knowledge and Competences for Employability and Competitiveness	<ul style="list-style-type: none"> • Supporting the improvement of conditions for development of VET qualifications • Supporting the improvement of innovative capacities in higher education, research and economy
Enhancing Social Inclusion	<ul style="list-style-type: none"> • Supporting better access to labour market for persons with disabilities and RAE population
Technical Assistance	<ul style="list-style-type: none"> • Supporting the development of project pipeline. • Supporting Operating Structure in the implementation of the Operational Programme

4. CONCENTRATION OF ASSISTANCE FOR THE IPA IV OP HRD

4.1. Objectives of the IPA IV OP HRD

The overall objective of the IPA IV OP HRD has been defined based on the strengths and opportunities identified within the SWOT analysis (as shown above in 3.3.). Arising from this SWOT Analysis and subsequent workshops with beneficiaries, the overall objective of the IPA IV OP HRD was identified as follows:

To promote sustainable human resources development by modernising and developing the educational, training and research systems in Montenegro, in accordance with EU policies and standards, with particular focus on youth employability.

This overall objective can be split into three main specific objectives for the Programme – based on the Priorities as defined by the authorities responsible for the programming as follows:

- Enhanced effectiveness of active employment policy measures aiming to improve access to employment and retaining employment
- Improve the education and research system with the aim to achieve its better connection with the economy
- Enhancing the access to the labour market for disadvantaged groups by increasing employability.

Underpinning these objectives is the implied additional objective of strengthening the institutional capacity of the Montenegrin public administration at both national and local level to ensure efficient management and implementation of the Programme. The Technical Assistance priority which is one of the elements of this Operational Programme will assist in achieving the above-mentioned objectives.

4.2. Concentration and Selection of Priorities and Measures

Priorities of this Operational Programme have been defined in line with the specific objectives of the IPA IV OP HRD. In that sense, the identified Priorities have been directly linked with the various objectives as already stated, as follows:

- Priority Axis I is directly linked with the Specific Objective 1 of the IPA IV OP HRD, i.e. Enhanced effectiveness of active employment policy measures aiming to improve access to employment and retaining employment
- Priority Axis II with the Specific Objective 2 of the IPA IV OP HRD, i.e. Improve the education and research system with the aim to achieve its better connection with the economy

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- Priority Axis III with the Specific Objective 3 of the IPA IV OP HRD, i.e. Enhancing the access to the labour market for disadvantaged groups by increasing employability
- Priority Axis IV is linked with the Technical Assistance element of the Operational Programme.

In addition, the following criteria have been applied when screening and selecting the Priorities and Measures:

Limitation of Financial Resources

Due to the limited financial resources allocated for the Programme, preliminary indicative amounts have been estimated for priorities and measures. The financial budget allocations are shown in financial tables in Section 6 below.

Overall impact of the Programme

When selecting priorities/measures and relating activities contained in this Operational Programme, a critical factor which was continuously taken into consideration is the higher degree of probability to obtain better results not just as a separate action, but also as an integrated one contributing to the overall impact of the Programme as a whole.

Link with the Strategic coherence framework and the Multi-Annual Indicative Document 2011-2013 for Montenegro

Strategic coherence framework represents the umbrella policy document governing the priorities for IPA components III and IV. SCF is centred on component Human Resource Development with special focus on areas such as education, employment, research and innovation and social inclusion activities.

Operational programme for IPA component IV is linked with the Multi-Annual Indicative Planning Document 2011-2013 through the following priorities:

- Active employment measures and labour market integration, including promotion of local partnerships; promotion of employability among job seekers and optimisation of labour market; enhancing adult education and lifelong learning;
- Investing in human capital and employability which could include: investment in human capital; and in "Research & Innovation" (probably mainly in innovation for the period of the present MIPD, as the country has not enough capacity for engaging into pure research);
- Promoting social inclusion of the elderly and disabled persons and other persons with special needs;
- Promoting respect of gender equality; fight against domestic violence; inclusive education;
- Institution building to increase administrative capacity in view of, inter alia, conferral of EU funds management.

Compliance with the EU Policies

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The identification of priorities/measures and relating activities has been done by having in mind the specific guidelines and policies promoted by the EU in the field of Employment and Resources Development. In particular, proposals tried to be aligned with the new Europe 2020 strategic objectives recently presented by the Commission while special attention was given to the analyses and recommendations stated in the ETF's document "Montenegro – Human Resources Development in Montenegro – European Training Foundation review". Priorities/measures and activities not in line with those strategic policy documents have not been considered.

Maturity of projects

The measures preliminary identified in the Programme have been reassessed with the focus groups participating in the consultation process based on the maturity of the types of operations proposed and the capacity to manage those kinds of projects.

5. PROGRAMME STRATEGY

5.1. Priority Axis and Measures for the Operational Programme for Human Resources Development

5.1.1. Priority Axis 1: Efficient and inclusive active employment policy measures

Objective

Enhanced effectiveness of active employment policy measures aiming to improve access to employment and retaining employment.

Specific Objective

To identify, in cooperation with employers, the needs in terms of future labour force skills and enhance labour force employability by adapting skills in order to meet the labour market needs and reduce the discrepancy on the regional labour market.

Description

Existing discrepancy between the labour market supply and demand that occurred due to radical transition from industry to service-oriented economy led to shortage of skills in the fields where they are needed. In addition, this discrepancy is a reason for concern because of low return on educational investment. The need for addressing this challenge is recognised in the Section 3.2 of this Programme related to the needs analysis in the employment sector where the necessity “for removing the consequences of structural unemployment by reducing long-term unemployment” has been stated. In order to enhance employability of the unemployed and inactive, it is necessary to support provision of services and training with the aim to increase their participation and sustainable inclusion in the labour market. In addition, it is necessary to support the initiatives for implementing the programmes which aim to develop knowledge and skills in demand in the labour market. Within the framework of this priority, it is possible to apply the lessons learned from the recently implemented IPA 2008 project “Labour Market Reform and Workforce Development” as regards the best valorisation of the already established local partnerships in four underdeveloped municipalities in the North of Montenegro. The already gained experience from the partnership established between national public administration, social partners, employers, employers associations, municipalities, agencies, civil society organisations and NGOs, should contribute to better quality of initiatives for improving the labour force quality and employment.

It is necessary to shape and apply a harmonised policy which will reach out to the registered job seekers, as well as to a wider group of inactive labour force, unmotivated persons and vulnerable groups.

Implementation

Given a high concentration of all measures on several key institutions, as well as simultaneous implementation of measures under all three priority axes, the implementation of this priority will be carried out through one measure: Supporting the implementation of the most productive labour market measures for the labour force quality and employment.

Indicative financial table

Years 2012-2013	Total public expenditure	EU contribution (IPA)	National public contribution	IPA co-financing rate	Other
	1=(2)+(3) euro	(2) euro	(3) euro	4=(2)/(1)%	
Priority 1.	2,298,884	1,954,050	344,834	85	-
<u>Measure 1.1</u>	2,298,884	1,954,050	344,834	85	-

5.1.1.1. Measure 1.1: Supporting the implementation of the most productive labour market measures for the labour force quality and employment

Specific Objective

To enhance employability of unemployed and inactive persons, especially long-term unemployed women and young persons.

Rationale

Matching the labour market supply and demand is highly important in Montenegro and it has been already set as one of the objectives in the National Employment Strategy. Additionally, it is necessary to develop and implement the measures that would encompass the long-term unemployed, inactive persons, as well as hard-to-employ persons, especially young persons and women. (N.B.: The persons with disabilities and RAE population are targeted under the Priority Axis 3). The participation of a higher number of persons in the initiatives for improving the labour force quality and employment with previously set criteria will ensure commitment to the projects which implement the active labour market policy measures in the most productive way.

Description

The projects which will be developed under this measure will be concentrated on the optimisation of the active employment measures in terms of focusing on the abovementioned target groups, as well as on training of the staff of Employment Agency of Montenegro for enhancements of their skills for development, assessment, implementation, monitoring and evaluation of active employment measures, and taking into account the regional principle.

Indicative eligible activities

Two indicative activities are foreseen under this measure and they will be concentrated on (a)

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training of Employment Agency of Montenegro for preparing and designing projects at the local level (Branch Offices) and (b) supporting the initiatives for training and employment, as follows:

- Supporting the training of the Employment Agency of Montenegro in preparing project ideas and designing projects at the local level (7 Branch Offices) with the aim to enable them to provide logistic support to grant beneficiaries, as well as to improve specific skills relating to development, assessment, implementation, monitoring and evaluation of active employment measures.
- Awarding grants with the aim to support projects which will increase the employability of unemployed and meet the employers' needs through trainings.

Selection Criteria

Project acceptance criteria:

Compliance with the National Employment and Human Resources Development Strategy 2012-2015

Prioritisation Criteria:

- Focus on appropriate target groups (young people, long-term unemployed, woman)
- Possibility for sustainable employment of unemployed from target groups (young people, long-term unemployed, women)
- Orientation towards the occupations in demand on the labour market
- Orientation towards removing the regional disparities as regards access to vocational training and employment.

Implementing/ Contracting Bodies

The body responsible for this measure is the Ministry of Labour and Social Welfare. Implementing Body acting as the Contracting Authority is the CFCU.

Implementation

The activities planned in this measure may be implemented, as follows:

- a) through technical assistance and supplies,
- b) grants.

Eligible applicants for grants, inter alia can be:

- Employers
- Licensed training providers
- Non-governmental organisations/associations
- Municipalities
- Chamber of Commerce
- Social partners

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<i>Specific Objective</i>	<i>Results Indicator</i>	<i>Main Types of Activities</i>	<i>Direct Results Indicator</i>	<i>Measure Unit</i>	<i>Initial Value</i>	<i>Final Goal</i>	<i>Reporting</i>
<i>Priority 1: Efficient and inclusive active employment policy measures</i>							
<i>Measure 1: Supporting the implementation of the most productive labour market measures for the labour force quality and employment</i>							
To enhance employability of unemployed and inactive persons, especially young persons, long-term unemployed and women	Improved capacities of Employment Agency for providing logistics support	To support the training of the Employment Agency of Montenegro in preparing project ideas and designing projects on the local level (7 Branch Offices) with the aim to enable them to provide logistic support to the grant scheme final beneficiaries	Number of EAM Branch Offices which successfully finished the training programme	Number	0	7	Final Report of Service Contract
			Number of EAM Branch Offices staff who participated at the training, by gender	Number	0	At least 14	EAM Report
			Number of unemployed who participated in the project and who acquired new knowledge and skills	Number	0	At least 1.500 unemployed	Monitoring Report
	25% employed from the total number of the persons who participated in the project-training and who acquired new knowledge and skills ,following the implementation of the projects financed on the grant scheme.	Support the projects which will increase the employability					

5.1.2. Priority Axis 2: Enhancing Skills, Knowledge and Competences for Employability and Competitiveness

Objective

Improve the education and research system with the aim to achieve its better connection with the economy

Specific Objective

- To improve the conditions for development of VET qualifications
- To strengthen innovative capacities of higher education, research and economy

Rationale

In line with the strategic orientation of Montenegro, education and research are the areas which underwent numerous reforms in the last decade. The Government adopted strategies and laws for various levels of education, the strategy and the new Law for Scientific and Research Activity and prepared the ground for implementing structural changes within the domain of vocational and higher education, as well as research. Several EU and donor projects currently in process in the field of education and labour market provided significant support to the education sector. Additionally, the National Qualifications Framework started to be established. Apart from the legally established foundations for improving the mentioned sector, we are facing a number of challenges in provision of education and training which prepare and qualify individuals for employment and their active participation in shaping modern economy.

OP HRD will enable further implementation the Law on National Qualifications Framework, as well as continuation of already carried out and planned initiatives up to 2013.

The Strategy for Development and Financing of Higher Education (2011-2020) and the Strategy for Development of Scientific and Research Activity (2008-2016) set the objectives related to a better connecting of higher education and research with the economy. Current initiatives create better infrastructure conditions for implementing the strategic objectives, however, the continuous training, improvement of human capacities and knowledge transfer mechanisms among sectors is crucial for successful implementation of stated objectives.

Description

The focus of this priority of the OP is on vocational education, higher education and research with the aim to create better connection with the labour market and economy development.

The development of the Montenegrin Qualifications Framework will be continued by strengthening professional capacities of competent institutions, bodies and teachers, as well as teacher trainings and career counselling. The development of innovative culture in the higher education and research institutions, as well as transfer of knowledge to the economy will be enabled in the field of higher

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education and research. This will imply implementation of training programmes for teachers/professors and researchers who will contribute to development of skills necessary for innovation of curricula and teaching methods, as well as transferable skills necessary in the knowledge-based society. In addition, the research programmes for concrete knowledge transfer to the economy will be carried out through the implementation of proven successful innovation policy instruments.

Implementation

The implementation of this priority will be carried out through two measures supporting the following improvements:

- improvement of conditions for development of VET qualifications, and
- improvement of innovative capacities in higher education, research and economy.

The first measure encompasses improvement of vocational capacities of persons who work on development of occupational standards, qualification standards and educational programmes. This measure will also encompass the teachers training in vocational education with the aim to strengthen their key competencies, as well as the support to career counselling.

The second measure encompasses improvement of skills of university professors in innovation of curricula and application of modern teaching methods, of transferable skills of professors, researchers and employees in companies that is necessary for the knowledge-based society (such as creativity, entrepreneurship, commercialisation of knowledge), and transfer of knowledge from the research sector to the economy.

Indicative financial table

Years 2012-2013	Total public expenditure	EU contribution (IPA)	National public contribution	IPA co-financing rate	Other
	1=(2)+(3) euro	(2) euro	(3) euro	4=(2)/(1)%	
Priority 2.	2,298,884	1,954,050	344,834	85	-
Measure 2.1	1,149,442	977,025	172,417	85	-
<u>Measure 2.2</u>	1,149,442	977,025	172,417	85	-

5.1.2.1 Measure 2.1: Supporting improvement of conditions for development of VET qualifications

Specific Objectives

- To modernise educational programmes for all levels of vocational education which will meet the real labour market needs and enable their implementation;
- To strengthen professional competencies of teachers in VET.

Rationale

The educational programmes have established new relations between general and vocational subjects and offer elective subjects, but are still time-oriented and not outcome-oriented. Despite the implemented reforms and achieved progress, the vocational education is still facing the problems in its efforts to meet the labour market needs¹⁷. The employers point out two main disadvantages in terms of labour market needs as regards the persons who complete their education: the applicability of knowledge, practical skills and key competences¹⁸. The pupils express low interest in qualifications needed in the labour market.

In line with the Law on National Qualifications Framework (NQF), the Council for Qualifications was established which decides about sectoral committees for each qualification sector. The law foresees 15 qualification sectors and thus, 15 sectoral committees (education and training; humanities and arts; natural sciences; social sciences; engineering and manufacturing technologies; civil engineering and spatial planning; economy and law; agriculture; food and veterinary; health and social care; trade, tourism and hospitality; transport and communications; services; interdisciplinary fields; mining, metallurgy and chemical industry; information technologies). Each committee has at least 7 members, out of which 4 members represent the business sector (economy and/or professional associations). Their responsibility is to analyse the real labour market needs and give inputs for curricula development at all education levels.

Description

The activities planned under this measure of the OP are concentrated on modernisation of educational programmes, equipment of schools and teacher training.

Given that the work of sectoral committees, which analyse the market needs and propose qualification development is at the very beginning, they need support in training and guidelines for their work for the development of programmes and qualifications in line with the principles of the National Qualifications Framework and labour market needs, meeting the special interests of employers and pupils.

The Centre for Vocational Education, based on inputs from the sectoral committees, is in charge of developing new qualifications and curricula. In this respect, the VET Centre needs further capacity building, to produce modern and innovative curricula.

The modernisation of education programmes also includes their modularisation and credit rating in order to increase their flexibility and adaptability to the children with special education needs, adults, and dropouts, through the possibility of gradual acquisition of qualifications, by rating the parts which are successfully completed.

The teachers represent the most important actors in the implementation of reforms and their training is crucial as through their work they enable pupils to acquire general and vocational knowledge, practical skills and development of key competencies. The exchange of experience between teachers

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and employers is not on an adequate level¹⁹. Given the importance of vocational guidance in education, more pupils should be provided with the possibility to acquire career management skills.

Adequate teaching environment represents an important factor for successful acquisition of practical knowledge necessary for the future adaptation at the working place. In this context, modern teaching environment comprises better equipped laboratories and workshops in schools.

Indicative eligible activities

The activities which shall be funded under this measure, will aim at the following:

- Supporting the modernisation of educational programmes for all levels of vocational education which will meet the real labour market needs;
- Supporting the equipment of VET schools;
- Supporting the strengthening of professional competencies of teachers in VET.

Selection Criteria

Acceptance criteria:

- Consistency with national strategies and plans in the field of vocational education and lifelong career guidance.

Prioritisation Criteria:

- Orientation of educational programmes towards connecting the VET with economy and labour market;
- Impact of VE teachers capacities on sustainability and applicability of knowledge
- Impact on better cooperation between educational institutions and employers;
- Focus on target groups.

Implementing/Contracting Bodies

The body responsible for this measure is the Ministry of Education and Sports.
The implementing body acting as the Contracting Authority is the CFCU.

Implementation

The activities planned under this measure may be implemented through technical assistance, supplies, and grants, for, inter alia, the following beneficiaries and/or target groups:

- VET Centre
- pupils
- teachers
- schools and other education providers
- unemployed and employed
- social partners (trade unions and employers).

Other bodies and institutions which may be involved in the implementation of activities under this measure are the following:

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- Ministry of Education and Sports
- Bureau for Educational Services
- NGOs.

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Table 2: Indicators for Measure 2.1

<i>Specific Objective</i>	<i>Results Indicator</i>	<i>Main Types of Activities</i>	<i>Direct Results Indicator</i>	<i>Measure Unit</i>	<i>Initial Value</i>	<i>Final Goal</i>	<i>Reporting</i>
<i>Priority 2: Enhancing Skills, Knowledge and Competences for Employability and Competitiveness</i>							
<i>Measure 1: Supporting improvement of conditions for development of VET qualifications</i>							
To support the modernisation of educational programmes for all levels of vocational education which will meet the real labour market needs	Improved educational programmes adopted by the National Council for Education at the level of 95%	Based on the qualifications needs analysis conducted by the sectoral commissions the following is developed:	Increased number of developed educational programs in schools	Number	0	At least 20 occupational standards / At least 10 qualification standards/ At least 10 revised educational programmes/,	Monitoring Report
		Equipment of laboratories and workshops in schools	Increased number of schools which are prepared for implementation of new education programs	Number	0	10 workshops in different regions equipped	Experts reports,

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<p>To train the teachers in VET with the aim to strengthen their professional competencies</p>	<p>Number of teachers who are trained</p> <p>Number of schools in which the programs of career guidance are introduced</p>	<p>Support to strenghtening of professional competencies of VET teachers</p> <p>Training of teachers for development of key competences for pupils</p> <p>Training of teachers to acquire skills for career development of pupils</p>	<p>Improved professional skills of teachers in order to improve quality of education</p> <p>Improved quality of knowledge</p> <p>Improved services of career guidance in schools</p>	<p>Number</p>	<p>0</p>	<p>Teachers trained in accordance with the training plan for at least 150 teachers in different regions</p> <p>Introduced programs of career guidance in at least 10 schools in different regions</p>	
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5.1.2.2 Measure 2.2: Supporting improvement of innovative capacities in higher education, research and economy

Specific objective

- To develop innovation skills of students, professors and researchers
- To transfer the knowledge and to develop the innovation skills in enterprises

Rationale

According to the key economic and HRD analysis regarding competitiveness (WEF, ETF), Montenegro is classified in a economic development phase in which countries develop more efficient production processes and enhance the quality of products. In addition, it is stated that on a long-term basis, Montenegro should emphasize stimulation of new production capacities based on the added value, market-oriented research and innovation, enhancement of investing in research and development in cooperation between research and economy. According to the international competitiveness indexes, the deficiency of Montenegrin economy is evident as regards technological readiness, innovation and business sophistication, the level of investing in research and development, as well as the number of scientists and engineers.²⁰

Given the fact that the enterprises in Montenegro lack capacities to independently deal with research, technological development and innovation, it is necessary to enable their connection with universities, research institutions and consultants in order to work on increasing their productivity based on the mentioned factors.

Additionally, it is evident that higher education is insufficiently connected with the economy and that such situation exists for a long time and as a result has outdated curricula that at a certain extent do not meet the needs of modern labour market and global economy. The lack of practical and creative lessons results in insufficient capacities of students to use the acquired knowledge for solving practical problems in economy and starting own businesses. The same situation is in the field of scientific and research activity, where the majority of researchers work on projects which cannot be directly applied in improvement of Montenegrin economy.

Starting from 2008, Montenegro has been involved in the EU Programme for Research and Technical Development - FP7, and it plans to extend the membership on the next framework EU Programme for Research and Innovation – Horizon 2020. It is planned that from July 2012, Montenegro becomes involved in the EUREKA initiative – the international network for market-oriented research. Therefore, it is necessary to work on improvement of capacities of institutions for higher education, research institutions and enterprises in order to get more effective approach to this programmes and funds.

Description

The activities planned under this OP Measure are oriented towards innovating curricula in order to better match the labour market needs and requirements for a more innovative economy. The key role

in that process, according to the Law on NQF, is played by the sectoral committees which include business sector representatives and higher education institutions. These committees give input on qualification requirements of the labour market and today's society. In Montenegro, the HE curricula are created by the HE institutions themselves, but there exists a lack of knowledge and skills for creating the curricula that integrate content and innovative teaching methods. In this respect, focus shall be put on curricula development in STEM disciplines (Science, Technology, Engineering, Mathematics).

Innovation trainings, i.e. trainings for transferable skills such as creativity, entrepreneurship, design thinking are necessary in professional development of professors and researchers, thus enabling them to transfer the acquired knowledge to students. Respectable leaders in the field of innovation, creativity, design thinking should support Montenegro in raising awareness of the importance of innovative education in a knowledge-based society.

The acquisition of knowledge on commercialisation knowledge modalities and protection of intellectual property also represent an important aspect in the efforts to connect the research with the economy. The implementation of activities within this measure should be done under the auspices of the Sectoral Commissions for Qualifications with the aim to strengthen the national Qualifications Framework.

It has been confirmed that the dominant innovation form in enterprises is incremental – that it develops through gradual improvement of products, services and organisational structures which enhance the performance or scope of the existing technologies.²¹ Therefore, the measures of connecting researchers and consultants with the enterprises are justified in order to assist them in the innovation process by knowledge transfer. In this sense, the activities will support the actions which enable knowledge transfer (through schemes which are recognised as good practice models by the EU Community²²). Additionally, the workforce in enterprises, who does not have to be from the circle of the most educated individuals, possess a great innovation potential and it is necessary to work on their training with the aim to release that potential and use it for enhancing the productivity and creating new values.

It is necessary to enhance the use of European funds in the field of research and innovation. The introduction of a new framework programme in 2014 - Horizon 2020 will require knowledge about new financial schemes and rules, and therefore, a special training of academic staff, researchers and entrepreneurs will be needed.

Indicative Eligible Activities

The activities which could be financed through this measure are the following:

- Supporting the innovation skills development of students, professors and researchers, including the development of analytical and plan documents, methodology handbooks, innovated study courses and implementation of specific training programmes, if possible

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those which ensure acquisition of licenses in order to be able to further transfer the knowledge.

- Supporting the transfer of knowledge and innovation skills development in enterprises.

Target Groups

- Professors
- Researchers
- Students
- Employees of enterprises
- Employers

Selection Criteria

Acceptance Criteria:

- Consistency with the national strategies and plans in the field of HRD, higher education, research and SMEs' development

Prioritisation Criteria:

- Orientation of the programme towards connection of the education and research with the economy
- Impact of activities on better integration of Montenegro in the European education and research area
- Impact of activities on spreading the knowledge and the perspective of initiatives sustainability
- Proven capacity of users to implement activities of this programme
- Cooperation between the institutions and various sectors
- Focus on target groups (professors, researchers, employees of enterprises)
- Sustainability upon the project end

Implementing/Contracting Bodies

The body responsible for this measure is the Ministry of Science.

The implementing body acting as the contracting authority is the CFCU.

Implementation

The activities planned in this measure may be implemented, as follows:

- a) through technical assistance, and supplies:

Activities could encompass overall training programme for improvement of skills of university professors for innovating the curricula and applying modern teaching methods, as well as for improvement of transferable skills of professors and researchers necessary for the knowledge-

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based society (creativity, entrepreneurship, commercialisation of knowledge, protection of intellectual property). Beneficiaries, inter-alia, can be Institutions for Higher Education, Scientific and Research Institutions and Centre of Excellence.

b) through grants:

Activities could encompass the transfer of knowledge from the research sector to the economy and innovation skills development in enterprises.

Eligible applicants for grants, inter alia, are:

- Enterprises offering knowledge
- Enterprises demanding academic support
- Joint ventures of enterprises offering and demanding support.

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<i>Specific Objective</i>	<i>Results Indicator</i>	<i>Main Types of Activities</i>	<i>Direct Results Indicator</i>	<i>Measure Unit</i>	<i>Initial Value</i>	<i>Final Goal</i>	<i>Reporting</i>
<i>Priority 2: Enhancing Skills, Knowledge and Competences for Employability and Competitiveness</i>							
<i>Measure 2: : Supporting improvement of innovative capacities in higher education, research and economy</i>							
To develop innovation skills of students, professors and researchers	Number of students who benefited from new study programmes - 600	Supporting the innovation skills development of students, professors and researchers, including the development of analytical and plan documents, methodology handbooks, innovated study courses and implementation of specific training programmes, if possible those which ensure acquisition of licenses in order to be able to further transfer the knowledge.	Number of persons from the academic sector involved in the training	Number	0	200 persons completed a series of trainings	Monitoring Report
			Number of new or innovated programmes	Number	0	At least 5 new or innovated study programmes	
To transfer the knowledge and to develop the innovation skills in enterprises	Number of improvements in businesses	Supporting the transfer of knowledge and innovation skills development in enterprises.	Number of approved applications for implementation of transfers (projects for supporting the enterprises)	Number	0	100 applications	Monitoring Report

5.1.3. Priority Axis 3: Enhancing Social Inclusion

Objective

Enhancing the access to the labour market for disadvantaged groups by increasing employability

Specific objective

- To enhance the access to the labour market for persons with disabilities and RAE population by increasing their employability and employment

Rationale

The labour market analysis has shown that certain categories of unemployed persons are in a disadvantaged position as regards the possibility for their involvement in the labour market. This particularly refers to the unemployed persons with disabilities and RAE population. In order to facilitate the access to the labour market to the persons with disabilities and RAE population, it is necessary to foresee the involvement of a greater number of social partners in shaping and implementing special programmes for employment of persons with disabilities and RAE population, including the motivation programmes for inclusion in the labour market, literacy programmes, as well as more training programmes for occupations in shortage on the labour market.

Description

The activities which will be developed under this Priority Axis will support the projects related to the professional rehabilitation of persons with disabilities, their employment, as well as literacy and training projects for the occupations acceptable at the labour market and employment of RAE population.

Measures

- Supporting the access to the labour market for persons with disabilities and RAE population

Implementation

This priority will be implemented through one measure.

5.1.3.1. Measure 3.1. Supporting greater access to labour market for persons with disabilities and RAE population

Special objective

To improve social inclusion of persons with disabilities and RAE population who are in a disadvantaged position by their better integration in the labour market.

Rationale

The commitment to focus on the persons with disabilities and RAE population under this priority stems from the fact that the representatives of these categories are in the most disadvantaged positions in terms of the labour market inclusion. On the other hand, the limited funds indicate the need that all available resources allocated to this Priority Axis should be directed to improvement of position of those persons who need it the most.

Description

The persons who have limited access to employment will be allowed to a higher extent the following: increased motivation for participating in the education and employment programmes, as well as in other measures of professional rehabilitation. The achievement of this special objective will be implemented within two indicative eligible activities – actions which will, through improving the cooperation between the EAM branch offices and Social Work Centres, advance the institutional framework for implementation of the key activity which refers to carrying out the grant schemes for boosting the employability and employment of all categories of persons.

Indicative eligible activities

- Improving cooperation between the EAM Branch Offices and Social Work Centres with the aim to motivate and provide support to the process of active inclusion in the labour market;
- Supporting grant beneficiaries in implementing the training and employment projects for persons with disabilities and RAE population.

Selection Criteria

Project Acceptance Criteria:

- RAE Strategy
- Strategy for Integration of the Persons with Disabilities in Montenegro 2008-2016; the Action Plan for 2012 and 2013.

Prioritisation Criteria:

- Compliance with the National Strategy IPA IV OP HRD and Human Resources Development Plans
- Focus on appropriate target groups (persons with disabilities and RAE population.)

Target Groups:

- persons with disabilities
- RAE population

Implementing/Contracting Bodies

The body responsible for this measure is the Ministry of Labour and Social Welfare. The implementing body, acting as the contracting authority is the CFCU.

Implementation

The activities planned in this measure may be implemented, as follows:

- a) through technical assistance and supplies
- b) through grants

Eligible applicants for grants, inter alia, are:

- NGOs dealing with RAE population rights
- NGOs dealing with persons with disabilities rights
- EAM Branch Offices
- Social Work Centers
- Employers
- Licensed training providers
- Municipalities.

During the technical implementation process, the following bodies shall be consulted:

- Ministry of Labour and Social Welfare
- Non-governmental organisations/associations
- Social partners

Indicative financial table

Years 2012-2013	Total public expenditure	EU contribution (IPA)	National public contribution	IPA co-financing rate	Other
	1=(2)+(3) euro	(2) euro	(3) euro	4=(2)/(1)%	
Priority 3.	1,313,648	1,116,600	197,048	85	-
<u>Measure 3.1</u>	1,313,648	1,116,600	197,048	85	-

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Table 3. Indicators for 3.1 Measure

<i>Specific Objective</i>	<i>Results Indicator</i>	<i>Main Types of Activities</i>	<i>Direct Results Indicator</i>	<i>Measure Unit</i>	<i>Initial Value</i>	<i>Final Goal</i>	<i>Reporting</i>
<i>Priority 3: Enhancing Social Inclusion</i>							
<i>Measure 1: Supporting greater access to labour market for persons with disabilities and RAE population</i>							
To improve social inclusion of persons with disabilities and RAE population who are in a disadvantaged position by their better integration in the labour market.	10% of employed people after the completed training	Supporting grant beneficiaries in implementing the training and employment projects for persons with disabilities and RAE population.	Number of persons with disabilities involved, by gender	Number	0	250	Monitoring Report
			Number of RAE population involved in projects funded through grant schemes, by gender	Number	0	120	
		Improving the cooperation between the EAM Branch Offices and Social Work Centres with the aim to motivate and provide support to the process of active inclusion in the labour market	Number of employees in the Employment Agency and Social Work Centres trained for work with persons in disadvantaged position (hard to employ persons), by gender	Number	0	40	Experts reports, Evaluation reports from seminars and trainings

5.1.4. Priority Axis 4: Technical Assistance

Objective

Supporting the implementation of the IPA IV OP HRD

Specific Objectives

- Supporting the development of project pipeline
- Supporting Operational structure in the implementation of the Operational Programme

Rationale

The Operational Programme for HRD in Montenegro will focus on a wide range of potential stakeholders. The funding available during the period of this Operational Programme (2012–2013) is limited and it is essential therefore that the most efficient use be made of these funds. The operations under this IPA IV OP HRD must be implemented in a relatively short period of time and must reach the maximum number of beneficiaries possible.

Accordingly, the Technical Assistance element of this Operational Programme will be used to create awareness among all sectors of the Montenegrin workforce as to the scope of this Operational Programme and linking the Public Sector with the Private Sector in this activity.

Description

This Priority and its corresponding measures will focus on supporting the overall implementation of the Operational Programme and on raising awareness regarding its activities.

This priority and corresponding measures encompass a range of activities and by extension a number of target institutions, inter-alia as follows:

- Ministry of Labour and Social Welfare
- Ministry of Education and Sports
- Ministry of Science
- Ministry of Finance (CFCU)

Measures

- Supporting the development of project pipeline
- Supporting Operating Structure in the implementation of the Operational Programme

Implementation

This Priority will be implemented through two measures. The indicative financial allocation has been identified as shown in Chapter 6.

5.1.4.1. Measure 4.1: Supporting the development of project pipeline

Specific Objective

To prepare a project pipeline of operations and measures and ensure sufficient projects are fully mature and ready for submission to the Project Selection Committee throughout the programme's duration.

Rationale

Knowledge and skills of relevant institutions and potential beneficiaries is not at the level required by the European Union for the preparation of acquired documentation.

Description

The measure will support the preparation of project pipeline and support relevant institutions and potential beneficiaries in the preparation of the acquired documentation. This includes the generation of project ideas and their elaboration into mature and high-quality proposals with all the supporting technical documentation. The measure will also support the improvement of knowledge of potential grant scheme beneficiaries on project preparation and project management.

Indicative eligible activities

- Support to implementing body in the preparation of tender documentation for service and supply contracts;
- Support to implementing body in the preparation of guidelines for potential applicants;
- Support to potential grant applicants in the preparation of their applications and in providing knowledge in project management

Selection Criteria

Acceptance Criteria:

- OIS prepared and approved
- Effective tendering and contracting process

Prioritisation Criteria:

- Consistency with national HRD strategy and plans

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Resources for technical assistance under Operational Programme for development of human resources will be available in accordance with the programme agreed by the Operating Structure and the European Commission.

Implementing/Contracting Bodies

The body responsible for this Measure is the Ministry of Labour and Social Welfare. The implementing body, acting as the contracting authority is the CFCU.

Implementation

Activities under this measure may be implemented through technical assistance, supplies, and grants. Bodies which will be targeted as beneficiaries in implementation of operations are:

- Ministry of Labour and Social Welfare
- Ministry of Education and Sports
- Ministry of Science
- CFCU
- Potential applicants.

Indicative financial table

Years 2012-2013	Total public expenditure	EU contribution (IPA)	National public contribution	IPA co-financing rate	Other
	1=(2)+(3) euro	(2) euro	(3) euro	4=(2)/(1)%	
Priority 4.	656,824	558,300	98,524	85	-
<u>Measure 4.1.</u>	400,000	340,000	60,000	85	-
<u>Measure 4.2.</u>	256,824	218,300	38,524	85	-

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Table 4: Indicators for 4.1 Measure

<i>Specific Objective</i>	<i>Results Indicator</i>	<i>Main Types of Activities</i>	<i>Direct Results Indicator</i>	<i>Measure Unit</i>	<i>Initial Value</i>	<i>Final Goal</i>	<i>Reporting</i>
<i>Priority Axis 4: Technical Assistance</i>							
<i>4.1. Supporting the development of project pipeline</i>							
To prepare a project pipeline for all operations and measures	Number of mature projects ready for contracting	Support to beneficiaries in the preparation of tender documentation for service and supply contracts	Number of tender document sets prepared	Number	0	At least 7	Monitoring Report
		Support to implementing bodies in the preparation of guidelines for potential applicants	Number of guidelines for applicants prepared	Number	0	At least 5	Experts reports, Evaluation reports from seminars and trainings
		Support to potential grant applicants in the preparation of their applications	Number of potential applicants receiving support through TA	Number	0	At least 100	AIR – Annual implementation report adopted

5.1.4.2. Measure 4.2.: Supporting Operating Structure in the implementation of the Operational Programme

Specific objective

To ensure efficient and effective OP management, and develop the institutional capacity of Operating Structure for managing and absorbing IPA component IV assistance

Rationale

Activities under this measure will aim at supporting the Operating Structure in management and implementation of the Operational Programme and increasing the efficiency of the actions under the first three priority axes.

Description

This measure will support the Montenegrin public administration in the development of the systems, processes and skills for managing and implementing IPA Component IV at national level.

Indicative eligible activities

- Support to the Montenegrin OP administration regarding any aspect of management, monitoring, evaluation and control, including grant scheme management and procurement;
- Procurement of equipment for OS
- The preparation and implementation of information and publicity & visibility activities;
- Support to Operating Structure for establishment and financing of IPA IV Sectoral Monitoring Committee
- Provision of translation and interpretation services;

Implementing/Contracting Bodies

The body responsible for this measure is the Ministry of Labour and Social Welfare.

Implementing body, acting as the contracting authority is the CFCU.

Implementation

Activities under this measure may be implemented through technical assistance, supplies and grants.

The main beneficiary institution of planned activities is the Ministry of Labour and Social Welfare.

Other bodies which may be included as beneficiaries in implementation of operations, inter-alia are:

- Ministry of Education and Sports
- Ministry of Science
- CFCU

- National Fund

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<i>Specific Objective</i>	<i>Results Indicator</i>	<i>Main Types of Activities</i>	<i>Direct Results Indicator</i>	<i>Measure Unit</i>	<i>Initial Value</i>	<i>Final Goal</i>	<i>Reporting</i>
Priority Axis 4: Technical Assistance							
4.2 Supporting Operating Structure in the implementation of the Operational Programme							
To ensure efficient and effective OP management, and develop the institutional capacity of Operational structure for managing and absorbing IPA component IV assistance	Quality of OP management (of monitoring system, financial control system, project selection system and evaluation system)	- Support to the Montenegrin OP administration, regarding any aspect of management, monitoring, evaluation and control, including grant scheme management and procurement.	Number of staff from OP administration benefiting from the activities supporting the OP management	Number	0	At least 10	Monitoring Report
		-The preparation and implementation of information and publicity activities	Number of information events	Number	0	At least 10	Experts reports, Evaluation reports from seminars and trainings
		-Procurement of equipment for OS	Number of procured equipment	Number	0		
		- Support to Operational structure for establishment and financing of Sectoral committee	Sectoral committee established and functional	Number of meetings	0	At least 7	

5.2. Coordination and Complementarities

5.2.1. Complementarities and Synergies with other IPA components

5.2.1.1. IPA Component I

IPA Component I support actions aimed at developing institutional capacity based on the Montenegrin needs. Over the period 2011-2013, the MIPD for Montenegro sets out the following three priorities:

- (1) The support to the key priorities of the Commission's Opinion;
- (2) The preparation to opening of components III to V ; and
- (3) The support to the *acquis*.

Among these priorities, the focuses have been on the following sectors:

- (1) Justice and home affairs
- (2) Public administration
- (3) Environment and Climate Change
- (4) Transport
- (5) Social development
- (6) Agriculture and rural development

The first two sectors constitute the core sectors to be financed under IPA Component I and DG ELARG is responsible for it whereas sectors 3 to 6 are mainly supported financially through – respectively - Component III (sectors 3 and 4), IV and V and are under the responsibility of DG REGIO, EMPL and AGRI. However, as Montenegro benefits from allocations under Component III to V since 2012 and from Component I and II since 2007, assistance for the sectors 3 to 6 have already been allocated to the above mentioned sectors through Component I. The IPA Regulation indeed mentions that complementarity between Component I and Component III, IV and V: "*Potential candidate countries and candidate countries that have not been accredited to manage funds in a decentralised manner should however be eligible, under the Transition Assistance and Institution Building Component, for measures and actions of a similar nature to those which will be available under the Regional Development Component, the Human Resources Development Component and the Rural Development Component*".

This assistance has been mainly two fold: (i) to prepare the country to the opening of allocations under these components by assisting on the establishment of a system enabling decentralisation of assistance management and (ii) and to prepare the country to comply with the *acquis* in these sectors. Some examples of the concrete results achieved by IPA funded projects under Component I have been mentioned in section 2.4 "Lessons learned".

5.2.1.2. IPA Component II

Under the IPA Component II, Montenegro participates in eight cross-border programmes, of which five are bilateral programmes with the neighbouring countries (Serbia, Croatia, Bosnia and Herzegovina, Albania and Kosovo), two are trans-national (the South Eastern European Space and the Mediterranean programme) and one is a regional programme (the Adriatic Programme).

It is likely that there will be some coordination between Component II and Component IV in the area of skills development in disciplines such as Administration, Monitoring, Evaluation, Information and Publicity. It is foreseen that individuals involved in Component II will avail of the educational and training courses that will be designed and delivered as part of Component IV.

5.2.1.3. IPA Component III

No major overlaps are expected with this IPA Component as the main focus is on Environment and Transport. There may however be peripheral overlaps in the area of personnel involved who will attend training and development courses designed and delivered within IPA Component IV.

5.2.1.4. IPA Component V

No major overlaps are expected with this IPA Component as the main focus will be on rural development and food production.

5.2.2. Complementarities and Synergies with other National Programmes financed by IFIs

The Working Group for Donor Coordination in Montenegro was established in 2010 within the Cabinet of the Prime Minister. This office is collecting all the information related to current projects under implementation financed by different IFIs and donors in Montenegro and will, in the future, have the data related to their programmed projects under all sector areas. Data base is already established and consist all relevant projects that were supported by different donors.

Donor coordination is a key issue for successful implementation of the IPA assistance. Coordination should ensure the efficient and effective delivery of donors' assistance so as to maximise its impact. The principles of the 2005 Paris Declaration on Aid Effectiveness (Ownership, Alignment, Harmonisation, Results and Mutual Accountability), are widely accepted, but their application is less so.

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IPA programming is a good opportunity for defining a clear framework of projects intended to be implemented and therefore a clear picture of the interventions where IFIs support will be required.

As for the international organisations financial support to Montenegro in the field of human resources development, and which is not a part of the support implemented through the IPA Programme, we have the following types of grants from international organisations:

- GTZ/GIZ Project invested 3,500,000.00 € in the vocational education in Montenegro.
- MNE/011 Lux Development Project allocated 4,100,000.00 € for the vocational education.
- KulturKontakt Project supported the vocational education with 430,000.00 €.
- The British Council invested 15,000.00 € in the Internal Quality Assessment Project and 3,000.00 € in the Customer Care project.
- FP7 project, **WBC-INCO.NET** (in the amount of around 200.000 €).

Financing of the first centre of excellence is planned from the end of 2012, through the World Bank loan for the HERIC project. The World Bank loan for both higher education and research components is 12 million €.

The complementarities between IPA IV in the area of higher education and research and IFI support planned through World Bank and EU (FP7) projects is that IPA operations should rely on the studies and processes completed and planned in the mentioned projects. For example, the HERIC project will enable the infrastructural set up of the first centre of excellence in research in Montenegro, while IPA operations can provide for the realisation of the training programme for researchers and enabling bridges between business and the centre. Through TEMPUS projects there was a significant work done on the harmonisation of higher education, but insufficient results are in the area of STEM (science, technology, engineering, mathematics) disciplines which are the most relevant for applied science and innovation – which is hence foreseen through IPA IV. Another example is that within FP7 WBC-INCO.NET project activities have been carried out on the mapping of innovation infrastructure, identification of EU and regional best practices in innovation policies, and creation of regional innovation action plan, while IPA IV operation on knowledge transfer can help implement activities identified as optimal for Montenegro. The complementarities have been ensured also by the involvement of persons who are part of the Donor Coordination Group in the development of the OP.

Overview of the system for donor coordination in Montenegro

Donor coordination started in 2010 within the office of the Prime minister of Montenegro. It was established a work group made of representatives of all line ministries led by Prime ministers advisor for international economic cooperation and structural reforms. Work group meetings are held twice a month where all the issues regarding implementation of donor support projects are discussed. This work group collects all data regarding current projects implemented and financed by different IFIs and donators in Montenegro.

5.2.3. Cross-cutting themes

This Operational Programme will address cross-cutting issues at two levels:

- How the internal policies, structure or operating procedures of the beneficiary will conform with or promote the cross-cutting issues set out below
- How the implementation of the Programme (e.g. laws, regulations, policies, action plans, etc.) will address the cross-cutting issues identified below.

5.2.3.1. Equal Opportunity

The implementation of the Programme will support efforts being made towards:

Quality education for all

Abilities and needs of each individual child being systematically identified by taking into account developmental disabilities or difficulties

Enhancing understanding and knowledge in the area of democracy, equality and human/children's and minority rights

Introduction of gender mainstreaming practices throughout the implementation of all planned activities

Promotion of gender equality in combating poverty and social inclusion.

5.2.3.2. Minorities & Disadvantaged Groups

Minority and Disadvantaged groups will directly benefit from this Programme as it will contribute to the social inclusion of vulnerable, excluded groups by facilitating social welfare and education system reform. The Programme will implement actions both to prevent discrimination of socially disadvantaged minorities and to improve accessibility for disabled groups to education and training. Special attention is given to the creation of conditions to improve their education performance, as well as supporting a comprehensive, inclusive and sustainable social and child welfare system reform with advanced inclusive education for all children with special education needs.

6. FINANCIAL TABLES

Indicative financial allocations (EU contribution) for IPA Component IV “Human Resources Development”

IPA COMPONENT	2012	2013	TOTAL
Human Resources Development	2,775,000 €	2,808,000 €	5,583,000€

6.1. Calculation of European Union Contribution

6.1.1. MIPD Indicative financial weight (major areas of intervention)

PRIORITY	MIPD	Human Resources Development Operational Programme (% total cost)
1. Efficient and inclusive active employment policy measures	N/A	35%
2. Enhanced skills, knowledge and competences for employability and competitiveness	N/A	35%
3. Enhancing social inclusion	N/A	20%
4. Technical assistance	N/A	10%
TOTAL	N/A	100%

6.1.2. Application of Article 153 of the IPA Implementing Regulation

The eligible expenditure whose financing is proposed under IPA Component IV shall be based on the public expenditure in accordance with Article 153 of the IPA Implementing Regulation.

The European Union contribution shall not exceed the ceiling of 85 % of the eligible expenditure at the level of each priority.

Furthermore, no operation (activity) shall benefit from a higher co-financing rate than the one relating to the priority axis concerned.

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a. Indicative Financial tables

Years 2012-2013	Total public expenditure	EU contribution (IPA)	National public contribution	IPA co-financing rate	Other
	1=(2)+(3) euro	(2) euro	(3) euro	4=(2)/(1)%	
Priority 1.	2,298,884	1,954,050	344,834	85	-
Measure 1.1	2,298,884	1,954,050	344,834	85	-
Priority 2.	2,298,884	1,954,050	344,834	85	-
Measure 2.1	1,149,442	977,025	172,417	85	-
Measure 2.2	1,149,442	977,025	172,417	85	-
Priority 3.	1,313,648	1,116,600	197,048	85	-
Measure 3.1	1,313,648	1,116,600	197,048	85	-
Priority 4.	656,824	558,300	98,524	85	-
Measure 4.1.	400,000	340,000	60,000	85	-
Measure 4.2.	256,824	218,300	38,524	85	-
TOTAL 2012-2013	6,568,240	5,583,000	985,240		

Year 2012	Total public expenditure	EU contribution (IPA)	National public contribution	IPA co-financing rate	Other
	1=(2)+(3) euro	(2) euro	(3) euro	4=(2)/(1) %	
Priority 1.	1,149,442	977,025	172,417	85	-
Priority 2.	1,149,442	977,025	172,417	85	-
Priority 3.	656,824	558,300	98,524	85	-
Priority 4.	309,000	262,650	46,350	85	-
TOTAL 2012	3,264,708	2,775,000	489,708		

Year 2013	Total public expenditure	EU contribution (IPA)	National public contribution	IPA co-financing rate	Other
	1=(2)+(3) euro	(2) euro	(3) euro	4=(2)/(1) %	
Priority 1.	1,149,442	977,025	172,417	85	-
Priority 2.	1,149,442	977,025	172,417	85	-
Priority 3.	656,824	558,300	98,524	85	-
Priority 4.	347,824	295,650	52,174	85	-
Total 2013	3,303,532	2,808,000	495,532		

7. IMPLEMENTATION PROVISIONS

7.1. Management and Control Structures

This chapter of the Operational Programme describes the systems and arrangements that should be set in place for decentralized management of the Operational Programme by Montenegro. However, the process of accreditation for conferral of management powers for IPA IV OP HRD follows a different timeframe from the adoption of IPA IV OP HRD. The provisions in this chapter must therefore be understood as subject to change.

The management and control systems of the IPA IV OP HRD shall provide inter alia for:

- Clear definition of the functions of the bodies involved in management and control and the allocation of functions within each body;
- Compliance with the principle of segregation of duties and tasks between and within such bodies;
- Procedures for ensuring the correctness and regularity of expenditure declared under the operational programme;
- Reliable accounting, monitoring and financial reporting systems shall as far as possible be held in computerised forms;
- Arrangements for auditing the functioning of the systems;
- Systems and procedures to ensure an adequate audit trail;
- Reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid;
- The proper execution of the measures co-financed by the European Union contribution in accordance with the terms of the Financing Agreement and with the obligations assigned to the measure;
- In the case of delegation of tasks, reporting to the responsible authority on the performance of their tasks and means employed.

7.1.1. Bodies and Authorities

On 14th April 2011, the Government of Montenegro adopted the Information on Establishment of Operating Structures for IPA Components III and IV. By the conclusions of this Information, the Operating Structure for IPA IV OP HRD has been defined and established.

On 22nd September 2011, the Decision on the appointment of persons bearing the key responsibilities concerning the decentralized management of pre-accession funds of the European Union (EU) was adopted by the Government of Montenegro. Furthermore, in order to ensure coordination and

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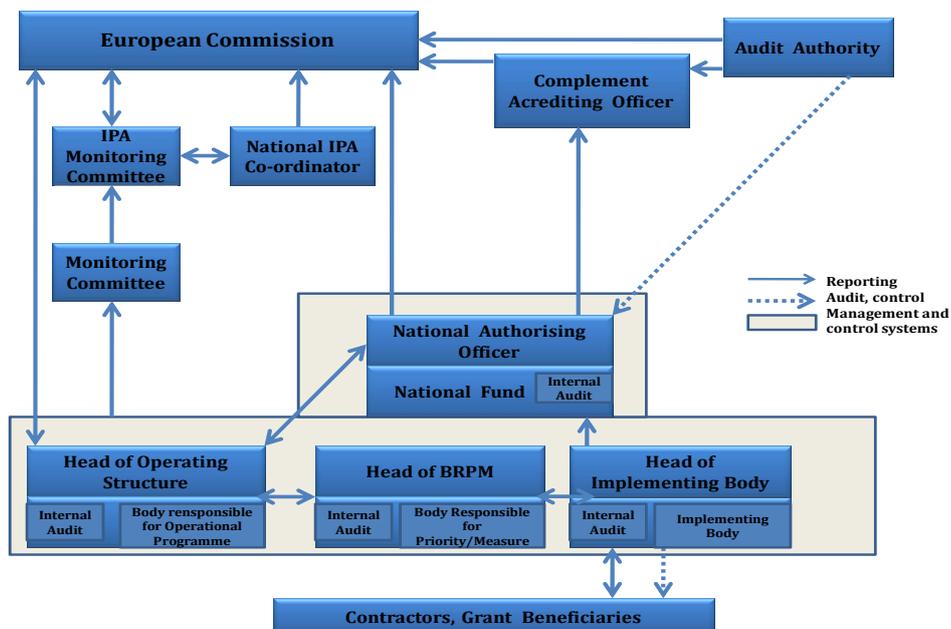
monitoring the process of introduction of decentralised management from the highest level the Government adopted the Decision on establishing a High Level Working Group, chaired by the Minister of Finance acting as the CAO, for coordination of the introduction of decentralised management concerning pre-accession funds of the European Union (EU).

The following key authorities (i.e. individuals) and structures (i.e. bodies) have been appointed/established:

- Competent Accrediting Officer (CAO)
- National IPA Coordinator (NIPAC)
- Strategic Coordinator (SC) for the Regional Development and the Human Resources Development components
- National Authorising Officer (NAO)
- National Fund (NF)
- Head of Operating Structure (HOS) for IPA IV HRD OP
- Operating Structure (OS) for IPA IV HRD OP
- Audit Authority

With the exception of the Operating Structure for IPA IV HRD OP and its Head and the role of the Strategic Coordinator, these bodies essentially perform tasks which are generally applicable to all IPA components in accordance with their functions specified in the relevant articles of the IPA Implementing Regulation.

Overview of the structure of institutional framework for IPA component IV



Accordingly, in line with the provisions of Article 7.3 of the afore-mentioned Regulation and as specified in the 'model' Framework Agreement adopted by the Commission on 6 July 2007 [ref *C(2007) 3208 final – E/1368/2007*], such functions will be incorporated under the **Sectoral Financing Agreement** to be concluded between the Commission and the Government of Montenegro upon formal adoption of the OP by the European Commission.

Operating Structure (IPA Component IV)

The Operating Structure for IPA Component IV is a collection of bodies within the administration of Montenegro (see below) and will be managed by the **Head of the Operating Structure** (Deputy Minister of Labour Market and Employment at the Ministry of labour and Social Welfare) responsible for functions specified in compliance with Article 28.2 of the IPA Implementing Regulation. The details are described in Section 7.1.2. Segregation of Duties.

The Head of the Operating Structure will exercise the duties associated with his responsibilities, even where no hierarchical link exists between the Head of the Operating Structure and the bodies and authorities involved in the implementation of the programme.

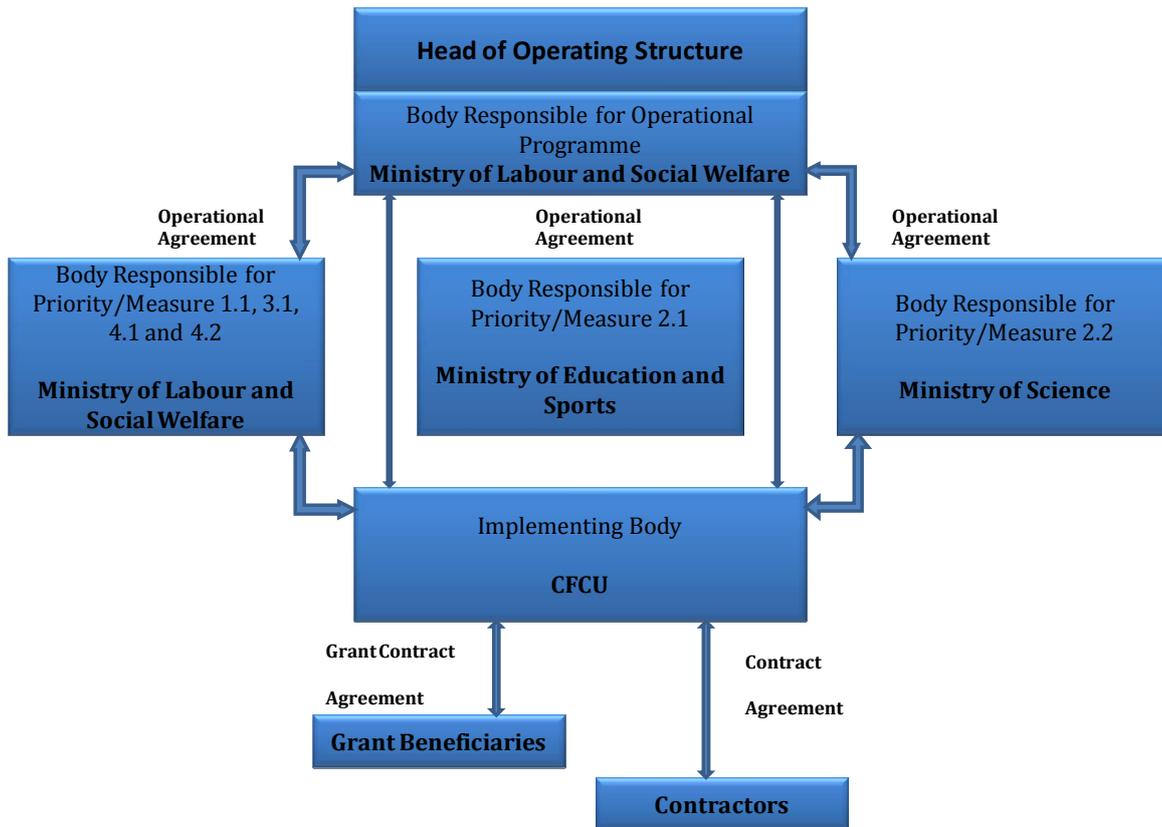
Within the overall framework defined by the conferral of management powers, the Head of the Operating Structure may delegate some tasks or groups of tasks to other bodies, within or outside the Operating Structure. This grouping and assignation shall respect the principles of segregation of duties imposed by the Financial Regulation. The relevant arrangements shall be made in writing between the Head of the Operating Structure and the bodies concerned. The final responsibility for the tasks delegated shall remain with the Head of the Operating Structure.

For **IPA Component IV** the **Operating Structure** is composed of the following bodies:

- Ministry of Labour and Social Welfare, as the body responsible for the Operational Programme (BROP) and the body responsible for the priority/measure (BRPM) in the field of labour market, employment and social inclusion,
- Ministry of Education and Sports, as the body responsible for the priority/measure (BRPM) in the field of education
- Ministry of Science, as the body responsible for the priority/measure (BRPM) in the field of research and innovations
- Ministry of Finance, Sector for Finance and Contracting of the EU Assistance Funds, CFCU (IB), as the Implementing Body.

The position and levels of responsibility, within the Operating Structure (Component IV), are shown in the scheme here under:

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Detailed preview of bodies, constituting the Operating Structures, as well as their heads is shown in the table below:

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Level of responsibility	Title of the Body within the Operating Structure	Bodies within the Operating Structure	
Operational programme	Body responsible for the Operational Programme (BROP)	Ministry of Labour and Social Welfare Sector for Labour Market and Employment Division for HRD OP Rimski trg br. 46, 20000 Podgorica Assistant Minister for Labour Market and Employment	
PRIORITY AXIS	MEASURE	Body responsible for priority/measure (BRPM)	Implementing Body (IB)
1. Efficient and inclusive active employment policy measures	<i>1.1 Supporting the implementation of the most productive labour market measures for the labour force quality and employment</i>	Ministry of Labour and Social Welfare Sector for Labour Market and Employment Division for HRD OP Rimski trg 46, 20000 Podgorica Assistant Minister for labour market and employment	Ministry of Finance Sector for Finance and Contracting of EU Assistance Funds (CFCU) Stanka Dragojevića 2, 20000 Podgorica Assistance Minister for EU Assistance Funds
2. Enhancing Skills, Knowledge and Competences for Employability and Competitiveness	<i>2.1 Supporting improvement of conditions for development of VET qualifications</i>	Ministry of Education and Sport, Department for International Cooperation and European Integration Vaka Djurovića b.b., 20000 Podgorica Assistant Minister for education	
	<i>2.2 Supporting improvement of innovative capacities in higher education, research and economy</i>	Ministry of Science, Sector for Scientific Research Activity Division for International Programmes and European Integration Rimski trg br. 46 Assistant Minister for Scientific Research	

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<p>3. Enhancing Social Inclusion</p>	<p><i>3.1 Supporting greater access to labour market for persons with disabilities and RAE population</i></p>	<p align="center">Ministry of Labour and Social Welfare, Sector for Social Welfare and Child Protection, Division for Social and Child Protection and Control</p> <p align="center">Rimski trg br.46 Assistant Minister for social welfare and child protection</p>	
<p>4. Technical Assistance</p>	<p><i>4.1 Supporting the development of project pipeline</i></p>	<p align="center">Ministry of Labour and Social Welfare, Sector for Labour Market and Employment Division for HRD OP</p> <p align="center">Rimski trg br.46 Assistant Minister for labour market and employment</p>	
	<p><i>4.2 Supporting Operating Structure in the implementation of the Operational Programme</i></p>		

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Any personnel changes in the Heads of the specific bodies referred to above will be notified to the Commission, as appropriate, including any changes which affect the accreditation of the Operating Structure and the Commission's subsequent conferral of management powers.

A system of deputising will be in place to ensure the continuity of the functions assigned to the relevant authorities in accordance with a substitution policy and segregation of duties.

Selection of the operations

Pursuant to Article 158 of the IPA Implementing Regulation, all operations which are implemented by final beneficiaries other than national public bodies shall be selected through call for proposals. The selection criteria shall be drawn up by the Operating Structure and shall be published with the call for proposals. The Evaluation Committee will be set up, which shall analyse proposals and recommend results of evaluation to the Operating Structure.

The award of contracts for services, supplies and works or grants co-financed under this OP, is subject to the provisions of the corresponding Financing Agreement.

All contracts for services, procurement of goods, works and grants will be awarded and implemented in accordance with the financial regulations and the last version of the Practical Guide to Contract procedures for EU external actions (PRAG), published on the Internet page of EuropAid on the day of initiating the public procurement procedure or awarding of grant.

7.1.2. Segregation of duties

Within the Operating Structure for IPA IV HRD OP, the various bodies shall be responsible for the performing the tasks listed below, inter alia:

Body responsible for the Operational Programme:

- Drafting the multi-annual programmes and its revisions, if any,
- Programme monitoring and guiding the work of the Sectoral Monitoring Committee,
- Drawing up the Sectoral Annual and Final Implementation Reports , after their examination by the Sectoral Monitoring Committee, submitting them to the Commission, to the National IPA Co-ordinator (NIPAC) and to the National Authorising Officer (NAO);
- Ensuring evaluation at programme level;
- Ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programmes, and that they comply with the relevant European Union and national rules;

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- Setting up procedures to ensure the retention of all documents required to ensure an adequate audit trail;
- Ensuring that all bodies involved in the implementation of operations maintain a separate accounting system or a separate accounting codification;
- Ensuring that the National Fund and the National Authorising Officer receive all necessary information on the procedures and verifications carried out in relation to expenditure;
- Setting up, maintaining and updating the reporting and information system;
- Carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decision, and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;
- Ensuring internal auditing of its different constituting bodies;
- Ensuring internal audit through the Internal Audit unit of the BRP;
- Ensuring irregularity reporting to NAO;
- Ensuring compliance with the publicity and visibility requirements;
- Publishing information about IPA financial assistance at OP level;
- Signing the Implementing Agreement with the NAO;
- Signing the Operational Agreement with the BRPMs and the IB;
- Identifying, assessing and managing risk;
- Preparing and approving the internal Manual of Procedures for the implementation of functions listed in this article.

Body responsible for priority/measure:

- Drafting the sections of the multi-annual programme and its revisions, if any, within their sectoral area of responsibility (Priority Axis/ Measure);
- Monitoring implementation of the priority/measure;
- Preparing documents for the sectoral monitoring committee on progress made towards achieving the targets of the Priority Axis/ Measure;
- Drafting sections of the sectoral annual and final reports on progress made and financial implementation of the priorities and measures;
- Ensuring that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the priority/measure, and that they comply with the relevant European Union and national rules;
- Drawing up the selection criteria for operations which are subject of approval by the Sectoral Monitoring Committee;
- Proposing members for the Evaluation Committee for each tender and call for proposals which shall analyse proposals, and recommend results of evaluation to the Operating Structure;
- Ensuring that all relevant information is available so as to ensure that at all times a sufficiently detailed audit trail is in place;

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- Entering and updating the reporting and information system;
- Regular reporting to the BROP on implementation at Priority Axis/ Measure level and on efficiency and effectiveness of internal control;
- Ensuring internal audit through the Internal Audit unit of the BRPM;
- Reporting on irregularities to the BROP;
- Ensuring compliance with the publicity and visibility requirements;
- Publishing information about IPA financial assistance on the Priority Axis/ Measure level;
- Signing the Operational Agreement with the BROP and the IB;
- Identifying, assessing and managing risk;
- Preparing and approving the internal Manual of Procedures for the implementation of functions listed in this article.

The Implementing Body:

- Implementation at operation/project level;
- Planning funds in the national budget for financing of IPA projects;
- Providing the results of implementation of the projects to the BRPM for preparation of documents for the Sectoral Monitoring Committee;
- Providing inputs in drafting the sectoral annual and final reports to the BRPM and BROP, with regard to the implementation at operation/project level;
- Ensuring that all relevant information is available so as to ensure that at all times a sufficiently detailed audit trail is in place;
- Arranging for tendering, i.e. verifying Terms of References / Technical Specifications with drafts of tender dossiers or Guidelines for applicants (in case of grants) received from the BRPM or related beneficiary institution, preparing the tender documents and arranging the tendering and contract award procedures. The Commission Decision on the conferral of management powers shall lay down the list of the ex ante controls, if any, to be performed by the Commission on the tendering of contracts, launch of calls for proposals and the award of contracts and grants;
- Setting up the Evaluation Committee for each call for proposals and tender which shall analyse and select proposals, and recommend results of evaluation to the Operating Structure;
- Making payments to, and recovery from, the contractors/grant beneficiary;
- Maintaining a separate accounting system or a separate accounting codification;
- Preparing and submitting all necessary information on the procedures and verifications carried out in relation to expenditure to the NF and the NAO;
- Entering and updating the reporting and information system;
- Regular reporting to the BRPM and BROP on project implementation and on efficiency and effectiveness of internal control;
- Carrying out verifications to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products and services have been delivered in accordance with the approval decision, and the invoices/ payment claims

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issued by the contractors/grant beneficiaries are correct. These verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate;

- Ensuring Internal audit through the Internal Audit unit of the institution in which the IB is established;
- Reporting on irregularities to the BRPM;
- Ensuring compliance with the publicity and visibility requirements;
- Publishing information about IPA financial assistance on the project level;
- Organising the publication of the list of the final beneficiaries, the names of the operations and the amount of European Union funding allocated to operations;
- Organising publishing the results of the tender procedure in the Official Journal of the European Union, on the EuropeAid website and in any other appropriate media, in accordance with the applicable contract procedures for European Union external actions;
- Signing the Operational Agreement with the BROP and the BRPM;
- Identifying, assessing and managing risk;
- Preparing and approving the internal Manual of Procedures for the implementation of functions listed in this article.

When performing these tasks, the bodies shall ensure adequate segregation of duties between the various tasks. Where one of the ministries involved is also beneficiary of EU aid under the HRD OP, it shall be ensured that the sector/ division involved in the implementation of the Component cannot be at the same time beneficiary, except within the priority of Technical Assistance.

7.2. Monitoring and Evaluation

7.2.1. Monitoring Arrangements

In order to ensure coherence and coordination in the implementation of the IPA components, programmes and operations as well as to follow the progress in the implementation of IPA assistance, the following monitoring committees will be established:

- IPA Monitoring Committee
- Sectoral Monitoring Committee for IPA Component IV HRD Operational Programme

IPA Monitoring Committee

Montenegro will establish an IPA Monitoring Committee to ensure coherence and coordination in the implementation of all five Components of IPA.

Sectoral Monitoring Committees

In accordance with the Article 167 of IPA IR .

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The Sectoral Monitoring Committees for IPA IV HRD OP will be established by the decision of the Head of the Operating Structure within six months of the entry into force of the first Financing Agreement on the programme concerned and will perform the tasks laid down in Article 167 of IPA IR.

The Sectoral Monitoring Committee shall be co-chaired by the Head of the Operating Structure and the representative of the European Commission. Subject to the consent of the European Commission, its membership will include the following:

- The National IPA Coordinator
- The Strategic Coordinator for Components III and IV
- The National Authorising Officer
- Representatives of the European Commission
- Head of the National Fund or his/her representative
- Representatives of each body of the Operating Structure for each programme
- Representative from the society and socio-economic partners, regional or national organisations with an interest in and contribution to make to the effective implementation of the programme.

The composition of the Sectoral Monitoring Committee could be reviewed and extended by the Head of the Operating Structure in agreement with the Commission in order to guarantee sufficient representation and membership. At the discretion of the Chairpersons, experts may be invited to the meetings either as Advisers or Observers for the purpose of appropriate presentations or contributions.

If the appointed individuals are not able to attend, the Rules of Procedure will allow deputies to be sent on their behalf.

The Secretariat for the Sectoral Monitoring Committee will be located in the BROP.

The Sectoral Monitoring Committee will report to the IPA Monitoring Committee.

The Draft Rules of Procedure for the Sectoral Monitoring Committee will be prepared by the Secretariat, agreed with the Head of the Operating Structure and with the Co-chairperson by the European Commission of the Sectoral Monitoring Committee, and tabled at the first meeting of the Sectoral Monitoring Committee for discussion and approval.

7.2.2. Monitoring System and Indicators

The quantitative and qualitative progress made in implementing the Operational Programme as well as its efficiency and effectiveness in relation to its objectives will be measured by the use of evaluation and monitoring indicators related to the results and outputs of the individual measures.

The Head of the Operating Structure is responsible for programme monitoring. In this context, the Operating Structure will collect performance data (outputs, results and expenditure) from operations

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and projects. The Operating Structure will assess its progress at all levels against objectives and targets, prepare reports to the Sectoral Monitoring Committee, draft the Sectoral annual and final reports on implementation and launch interim evaluations if required. These reports should include detailed summary tables for the Operational Programme.

In the context of monitoring and for the purpose of using indicators, the role of the Operating Structure will be also to ensure that:

- Monitoring requirements are built into the calls for proposals documents (application forms and guidelines for applicants)
- Project applications (when appraised and selected) include proposed outputs and results, as well as data on individuals, that are consistent with the OP's indicators for the appropriate measure
- Provision of data is built into any contracts with beneficiaries as an obligation, and that performance data is provided systematically and in a timely manner by beneficiaries alongside the project reimbursement claim.

An indicative breakdown by category of the programmed use of the European Union contribution to this Operational Programme will be established for monitoring and information purposes while the sectoral annual and final reports on implementation will provide information on the use of expenditure in accordance with such categories.

The Operating Structure shall maintain monitoring sheets for each operation, prepared in accordance with the templates and guidelines provided by the Commission services, as may be deemed necessary. The monitoring sheets will be presented to the Sectoral Monitoring Committee and will constitute the core part of the Annual Implementation Report.

The Operating Structure shall submit a sectoral annual report in relation to the programme concerned to the Commission and the National IPA Coordinator, by 30 June each year.

7.2.3. Evaluation Arrangements

Evaluations are a tool for assessing the relevance, efficiency and effectiveness of the financial assistance as well as the impact and sustainability of the expected results. As a minimum, an ex ante evaluation and an interim evaluation will be carried out under the responsibility of the Head of the Operating Structure in accordance with the principles laid down in the IPA Implementing Regulation and guidance provided by the Commission.

Regarding evaluation it is important that evaluation is independent, carried out by experts or bodies, functionally independent from the bodies managing the programmes. In evaluating this IPA IV HRD Operational Programme, the evaluation services will be outsourced to external evaluators.

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The responsibility of the Montenegrin authorities will be to commission the evaluations, manage the evaluation process, to check the quality of the evaluation reports, as well as ensure follow-up on evaluation recommendations.

The evaluation function for the IPA IV HRD OP will be located in the Body Responsible for the OP (BRPO). The Evaluation Officer in BRPO will coordinate the evaluation activities within the Operational Programme.

Ex-ante Evaluation

The results of the ex-ante evaluation must be taken into account when finalizing the Operational Programme. The summary on the results of the ex-ante evaluation report for the programme concerned can be found in attachment to the Operational Programme.

Interim Evaluation

During the implementation of the Programme, an interim evaluation complementing the monitoring of the Operational Programme will be carried out, in particular where this monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the Programme. Evaluations are planned to provide data on indicators agreed upon in the Operational Programme that cannot be obtained through the monitoring system. In addition, strategic evaluations or thematic evaluations can be carried out under the responsibility of the Operating Structure. The results will be sent to the Sectoral Monitoring Committee and to the Commission.

Evaluation Activities and Timing

Given that this programme covers the period 2012-2013, but involves operational activity up to relevant year under the 'N+3 rule', it is likely that only one interim evaluation will be carried out and will commence in the latter half of 2013/first half of 2014. This would be effectively a process evaluation examining the efficiency and effectiveness of programme and project implementation. This could also include a review of performance on the horizontal themes of the OP.

The evaluation process will make use of the indicators defined for the purpose of monitoring the Programme operations. Project monitoring reports and other sources of data [such as databases of different institutions responsible for the management of the OP or reports provided by different stakeholders in the process] will be used for Programme monitoring and evaluation in the first phase of its implementation. These reports and sources of data will be supported, where appropriate, by any other evaluative work. Moreover, particular use will be made of result indicators defined at the level of priority axis as well as other corresponding sources of data (such as MONSTAT).

7.3. Information and Publicity

7.3.1. Introduction

Information and publicity are important aspects of pre-accession assistance and particularly to the successful design and delivery of this operational programme. Communicating the successful

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management and implementation of the operational programme is broken down into a series of information and publicity activities as per Article 62 of the IPA Implementing Regulation. This Article sets out certain requirements regarding the information to be provided and publicity of programmes and operations financed by the European Union addressed to citizens and beneficiaries with the aim of highlighting the role of European Union funding and ensuring transparency.

Accordingly, the information to be provided by the Operating Structure will include *inter alia*:

The publication of the list of final beneficiaries

The names of the operations and the amount of European Union funding allocated to operations

For its part, the Commission will also ensure the publication of the relevant information on tenders and contracts in the Official Journal of the European Union and other relevant media and websites.

In addition (Article 63 of the IPA IR) the Commission and the Montenegrin authorities will agree on a coherent set of activities, to be funded from the Technical Assistance priority of this operational programme, in order to make available and publicise information about IPA assistance.

Accordingly the Head of the Operating Structure (IPA Component IV) will be responsible for information and publicity activities under the programme. The information will be addressed to the citizens of Montenegro and to European citizens in general, and to (potential) beneficiaries. It will aim to highlight the role of the European Union and ensure that IPA component IV assistance is transparent.

7.3.2. Requirements

In compliance with Article 63 of the IR, a Communication Action Plan (CAP) will be designed to publicise information about IPA including assistance under Component IV. The CAP shall be consistent with the information and publicity strategy issued by NIPAC. The CAP shall cover the period 2008–2012. This CAP will be submitted to the Commission within four months of the date of signature of the Financing Agreement covering this operational programme.

As a minimum, the plan shall include its:

Aims and intended target groups;

Strategy and content;

Indicative budget;

Administrative support structure and

Criteria used for evaluation of project proposals.

7.3.3. Activities

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The Head of the Operating Structure will ensure that the information and publicity measures are implemented in accordance with the CAP aiming at the broadest possible media coverage using all suitable forms and methods of communication at the appropriate territorial level. This will include at least the following information and publicity measures:

- A major information activity publicising the launch of the Operational Programme, even in the absence of the final version of the communication action plan
- At least one major information activity each year, as set out in the CAP, presenting the achievements under the Operational Programme (including major projects where appropriate)
- Development of visual identity for the HRD OP
- The publication (electronically or otherwise) of the list of beneficiaries, the names of the operations and the amount of European Union and National funding allocated to the operations

A website of the programme will be created and linked to all appropriate Montenegrin Public Service websites and with the websites of the other programmes.

Potential beneficiaries will be provided with clear and detailed information on at least the following:

- Financing opportunities offered jointly by the European Union and the beneficiary country through the OP
- The eligibility conditions to be met in order to qualify for financing under the Operational Programme
- A description of the procedures for examining applications for funding and of the time periods involved
- The criteria for selecting the operations to be financed
- The contacts at national, regional or local level that can provide information on the Operational Programme

7.3.4. Indicative Budget

The indicative budget for the CAP under this Operational Programme will be set at an appropriate level in order to provide adequate cover for the costs of the publicity and information measures. The budget allocation per year, as well as the indicative amounts necessary for the period 2012-2013, will also be presented in the CAP.

7.3.5. Management and Implementation

Within the Operating Structure, the Head of the Operating Structure (HOS) will designate an Information & Publicity Officer to manage all elements of the CAP. His/her tasks will involve supporting the HOS in the performance of the following functions and responsibilities:

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Discussing the CAP with the Commission and NIPAC

Coordinating the information and publicity activities under other IPA-funded programmes

Communications with the media

Elaboration, implementation and assessment of the programme's CAP

Represent the programme in the relevant national and Commission information networks

Handling enquiries from beneficiaries

Monitoring and control of the fulfilment of the Publicity and Information requirements from the beneficiaries

Development, production and distribution of information materials; preparation and implementation of public events

Development and maintenance of the contents of programme website

Liaison with IT regarding technical maintenance

Management of out-sourced services

Elaboration and monitoring of annual communication action plans and coordination of internal events and training

It is recognised that some of the information and publicity measures will require out-sourcing for professional services (such as design and pre-print, web page, printing, advertising, photography and opinion polls), it will be the responsibility of the IP Officer to manage such services and ensure they are contracted in accordance with public procurement rules.

7.3.6. Monitoring, Evaluation and Reporting

Monitoring, evaluation and reporting are compulsory requirements for the implementation of the publicity measures included in CAP.

The methods used and progress made in the implementation of the CAP will be reported by the HOS during meetings of the Sectoral Monitoring Committee.

The annual and final reports on implementation of the Operational Programme will include the following information:

- Examples of information and communication measures for the Operational Programme undertaken in implementation of the communication action plan
- The arrangements for the information and publicity measures concerning the publication electronically or otherwise of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations
- The content of major amendments to the CAP
- The set of indicators for evaluation of the publicity measures which have been included in the CAP to assess the efficiency and effectiveness of the implemented publicity activities
- The yearly results of the qualitative and quantitative analysis which have been used for the elaboration of the annual CAPs including any modifications thereof.

7.3.7. Partnership and Networking

Bodies that can act as relays for the programme and disseminate the information to the general public may include the following:

- Professional and trade associations and organisations
- Economic and social partners
- Non-governmental organisations
- Educational institutions
- Organisations representing business
- Information centres on Europe and Commission representations in particular the EUD
- Other main stakeholders under each priority axis

The Operating Structure will work in close cooperation with the above-mentioned bodies for the dissemination of information regarding the programme and in particular the IPA pre-accession assistance strategy for Component IV.

ANNEX - EXECUTIVE SUMMARY OF EX - ANTE REPORT

In line with the IPA regulatory framework and the Commission's guidance, the purpose of the ex-ante evaluation is to assess the consistency of the strategy and priorities with the EU and national strategies and to improve the quality of programming by assessing, inter alia, the rationale, relevance and coherence of an Operational Programme, and, as far as possible, the potential effectiveness and efficiency of the planned interventions.

The ex-ante evaluation of the Operational Programme for IPA Component IV (Human Resources Development) was tendered and contracted by the Delegation of the European Union to Montenegro (DEU), and was carried out by an independent expert in accordance with the European Commission's "Indicative guidelines on evaluation methods: Ex ante evaluation, Working Document No.1" (August 2006).

1. Ex-ante evaluation process

The ex-ante evaluation has been undertaken in parallel with the completion of the Operational Programme. Reflecting the Commission's Guidelines on Ex-Ante Evaluation, the Terms of Reference of the assignment contained a series of requirements directing the main features of the ex-ante evaluation methodology as follows:

1. Appraisal of the socio-economic analysis, including the SWOT analysis and the relevance of the strategy to the needs identified;
2. Evaluation of the rationale of the strategy and its consistency;
3. Appraisal of the coherence of the strategy with regional and national policies and the Community Strategic Guidelines and other EU sectoral policies covered by SAA as required;
4. Evaluation of expected outputs, results and impacts, also taking account of overall preparedness of any proposed major projects;
5. Appraisal of the proposed implementation systems.

The ex-ante evaluation report draft and final versions have been carried out on the OP HRD 2011-2013, as made available to the ex-ante evaluator in June 2011 and in October 2011 respectively. The main evaluation questions were the following:

- Does the programme represent an appropriate strategy to meet the challenges confronting the region or sector?
- Is the strategy well defined with clear objectives and priorities and can those objectives be realistically achieved with the financial resources allocated to the different priorities?
- Is the strategy coherent with policies at regional, national and European Union level?
- Are appropriate indicators identified for the objectives and can these indicators and their targets form the basis for future monitoring and evaluation performance?
- What will be the impact of the strategy?
- Are implementation systems appropriate to deliver the objectives of the programme?

2. Key findings

The main findings of the Ex Ante Evaluation are summarized here, under each of the five headings required by the ex-ante evaluation methodology.

Appraisal of socio-economic analysis and relevance of the strategy to the identified needs

The analysis contained in the OP is of good quality, providing with sufficient and systematic information on the main socioeconomic factors which affect human resources development and in particular the areas to which concentrate the OP (employment, education & research, and social inclusion). The socio-economic analysis provides a basis for the identification of needs and the SWOT analysis.

Evaluation of the rationale of the strategy and its consistency

The rationale of the strategy and the overall programming logic is evidently based on the needs analysis. The proposed objectives and measures are logically linked and mutually consistent.

Coherence of the strategy with regional and national policies

The overall development strategy and the OP priorities are consistent with the EU and national policies and strategic objectives, to the extent possible given the limited scope and financial allocations of the Programme. Specifically, consistency with the EU policies is identified in the new EU 2020 strategic objectives and in the analysis and recommendations made by the European Training Foundation (ETF) HRD review.

Evaluation of expected results and impacts

The relatively small size of the OP, and the fact that most of the planned interventions are the continuation of previous or current actions, is expected to lead to a reasonable achievement of the expected results. The implementation of the Programme is likely to become a good basis for future, more substantial interventions in the HRD sector, and a learning process in the framework of the EU approximation.

Appraisal of proposed implementation systems

The proposed implementation system is in line with EU requirements and all responsibilities and functions of the Operating Structure are consistent with the provisions of the IPA implementing regulation.

3. Conclusions and recommendations

The overall assessment of the OP is quite positive. The document follows a logical flow and it complies with the requirements of the EU and the national policy priorities and strategic objectives. It also provides with a good rationale for the proposed interventions.

Several recommendations put forward in the Draft Ex Ante Evaluation Report relating to the OP structure and to its contents, were considered as constructive and they were taken on board.

The following recommendations may be dealt in the context of the detailed programming of the operations, and they are not pre-conditions of formal OP approval:

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1. Make a more significant reference to the territorial aspects of the planned interventions, where appropriate;
2. Develop more detailed programming (project fiches) and implementation plans as soon as possible;
3. Develop a monitoring system allowing a close and regular follow-up of the implementation of the operations, since the first stage of the implementation;
4. Establish appropriate procedures and criteria for the appraisal and selection of operations.
5. Strengthen the capacity and number of staff in the institutions responsible for the management and implementation of the OP, to levels appropriate for fulfilling the tasks related to the management of IPA.