



## **INTERNSHIP PROGRAMME**

*-Report on Montenegro-*

**Prepared by:**

Visar Ademi

**October 2018**

## **I. BACKGROUND**

As in all of the Western Balkans economies, the unemployment rate in Montenegro is very high as well. While declining in recent years, the current rate, at about 16.1 percent, is significant and higher than the average rate observed in EU and New Member State countries.

About 80% of the unemployed in Montenegro were out of work for more than a year on average reflecting more structural than cyclical characteristics. The degree of responsiveness of unemployment to GDP growth is lower in the Western Balkans than in New Member States of the European Union and advanced European countries.

Another concern is the inactivity rate of the working age population in Montenegro. Despite an improvement in recent years, the inactivity rate is about 37 percent, which is lower than the average for Western Balkan economies (excluding Montenegro), but much higher than the average for EU member countries and New Member States.

As in other Western Balkan economies, negative demographic trends are compounded by population aging, as the decline has been more pronounced in the under 25 age group, while the number of those aged 55-64 increased significantly. In addition, the working age population has also declined in recent years, especially for the age groups between 15 and 24 and between 25 and 54 years old (the decline in total population, 4.3 percent, was larger than the one in working age population, 4.0 percent, between 2010 and 2017). These trends are expected to continue and will pose further challenges.

The assessment of informal work in Montenegro conducted by UNDP, shows that a third of employed people are fully or partially informally hired, which put them at risk of inadequate social and health protection. According to the assessment, the structure of employees by status, about 78 percent of employees are formally employed (67 percent with their full salary declared and 10 percent with only part of their salary declared) and 22 percent of employees are informally employed. On the other hand, the assessment by age, shows that the dominant group is made up of informally employed people aged between 46 and 64, and 37 percent of self-employed are people without any education or primary school education only, while 6 percent have a college degree. In terms of earnings, people employed informally earn 5% less than those formally employed, while undeclared self-employed people earn half of what registered self-employed earn.

## **II. INTERNSHIP PROGRAMS**

The Internship programs implemented in Montenegro include: Vocational training program for persons with acquired higher education, traineeship and volunteering. All of the programs are organized and implemented on the national level.

- Vocational training of persons with acquired higher education is organized for people who have a degree at the higher education but do not have work experience for a certain level of education and are registered as unemployed at the Employment Service. Vocational training is organized in such a way that no

working relation is required between the candidate and the company. Usually the duration of this program is nine months. According to the law, vocational training is recognized as a 12-month work experience.

- The traineeship (pripravnik) qualifies the person who establishes a first employment with a state funded institution or body at a certain level of qualification of education. In order to be qualified as having completed work, the candidate must complete the job requirements without supervision. The traineeship usually must be completed within 12 months, unless otherwise provided by a special law.
- Volunteering is voluntary work and provision of services for the benefit of another institution or a body for the overall well-being of the society. Usually volunteering is free of charge work that the individuals complete for a cause or activity that serves the cause. The contract on volunteering can be signed with the person who wants to be professionally trained and who is acquiring special knowledge and skills to complete his/her work in the profession. The volunteering could be considered as a work experience and a condition for taking the professional exam.

### **III. LEGAL REGULATION OF INTERNSHIPS AND PRACTICAL TRAINING**

There are three laws that regulate the above mentioned practice and practical training of individuals. The law on Vocational Training of Persons with Higher Education ("Official Gazette of Montenegro", No. 38/2012), Law on Civil Servants and state employees ("Official Gazette of Montenegro", No. 2/2018), Law on Volunteer Work ("Official Gazette of Montenegro", No. 26/2010, 31/2010, 14/2012 and 48/2015).

It must be mentioned that laws do not prohibit the individuals to do an internship on the basis of age meaning that everyone who is interested to acquire practical experience, can do that. Employers from the private sector and public institutions from all over the country can be involved in the realization of the internship and Vocational Training Program for graduates from higher education institution.

The contract regulates the rights and obligations of the employer and intern.

It should be mentioned that even though the internships are implemented all over the country, still there is no connection of internship placements with the education system in the country. Moreover, there is no academic course that would prepare the candidates through the application process. On the other hand, there are no private sector companies that could act as intermediaries in facilitating the match-making process but also train the companies on the importance of the human resources for the competitive advantage of the companies. The only important players in the process are the Career Centres in limited number of higher education institutions.

Internships are also offered as active operational measures in the labour market. This program is offered by the Employment office in accordance with the program tasks,

and within the framework of active employment policy measures (APZ), self-employment training program, unemployed persons with acquired III and IV level of education, without any work experience, for a period of six months. The vocational traineeship for persons with higher education degree is defined by a special law and it is not part of this measure.

After the implementation of this training program, the beneficiaries can do work without supervision and independently which is a pre-condition when taking the professional exam. After the expiration of nine months, the participants of the Vocational Training Program of persons with degree from higher education shall receive the certificate of completion of training program which is a requirement when taking the professional exam.

According to the analysis carried out by the Ministry of Education in cooperation with the Tax Administration, which covers the implementation of the four years program, great impact has been achieved. Out of the 14,252 participants in the program, 6,865 or 48, 16% continued to work. And for the information the program is implemented for the sixth year in a row. Funds for covering the benefits of beneficiaries of the SO program are provided from the budget of the government of Montenegro. The user of the training program is in the amount of 50% of the average salary in Montenegro for the previous year, according to the data of the Statistical Office of Montenegro, which is used as a benchmark to regulate the financial stipend of the participants in the program.

#### **IV. INSTITUTIONAL FRAMEWORK FOR INTERNSHIPS**

Three Ministries and institutions organize the internship program and the vocational traineeship program: Ministry of Education, Ministry of Labour and Ministry of Public Administration.

In addition to the Ministries, other social partners are involved in the planning, implementation, monitoring and evaluation of the internship program. However, their involvement is very limited and with no real impact on process improvement.

Taking part in the Internship program is free for both, the companies and individuals. All of the costs associated with the internship program are borne by the government of Montenegro.

In addition to vocational training programs for higher education students, internship programs are also implemented within the framework of APZ measures.

#### **V. STRENGTHS AND WEAKNESSES OF THE PROGRAM**

##### **a. Positive aspects of the program**

The positive aspects of the internship program are as the following

- **Legal contract.** Internships are regulated by contracts as a legal mechanism that regulates the rights, duties and the obligation of all of the parties involved in the process.
- **Financial compensation.** Montenegro is among the countries that provides financial incentives for the internship program. All of the costs that are result of the internship process are covered by the government of Montenegro which is a positive aspect for promotion and impact of the internship program.

#### **b. Areas for improvements**

On the other side there is still room for improvement and some of the issues that need more attention are the following:

- **Internships not part of the education system.** It is very hard to get a large number of candidates for internships or interested individuals if there is no integration of internship either in the secondary or tertiary level of education. Only systematic changes which require involvement of the main stakeholders such as education institutions, private sector and public institution communication and coordination could have the necessary impact in terms of the numbers of interns and quality of the candidates of internship program.
- **Coordination of internships.** Even though there are Ministries that are involved in the implementation of internship still there is no coordination body or institution that coordinates the efforts and internship activities. The role of the body is to develop the links with the private sector, promote the internship and improve the policies and processes of internship outside of the employment action plans implemented by the Employment Agency.
- **Evaluation of internships.** Since the internship are not so popular in the county the evaluation of the impact of the internship are non-existent. Moreover, the evaluation by the company mentors and the interns of the lessons learnt and skills and competencies gained are not conducted. The feedback that usually is completed by the students about the companies access to resources and the companies about the intern are also not being conducted by none of the actors thus, there is no feedback information on how can the process be improved.
- **Capacities of the internship providers.** There are couple of issues with the capacities of the internship providers such as Career Centres and Employment Agency First, they lack human and technical capacities to implement the internship program and second, there are no private sector intermediaries to facilitate the internship programs. Their absence is mainly because there is no market for such services.
- **Absorption capacity of the private sector.** Lastly, it must be noted that Montenegro is a small country with the majority of private sector companies being micro and small companies with limited employment opportunities and internships. Their absorption capacity is very limited therefore, the number of internships and traineeships is very low with no significant importance for the

parties involved thus, none of the actors is really interested to promote the concept as one of the employment measures out of the traineeship that are usually conducted for certain professions and occupations.

## **VI. CONCLUSIONS AND RECOMDENDATIONS**

- **Regulation of internship program:** There must be a legal mechanism that regulates the internship program in Montenegro. Whether through by-laws or a special law, it must be integrated in the system in order all of the institutions to respect the new guidelines.
- **Awareness of Internship program:** it could be because of the limited absorption capacities of the private sector companies however the awareness of internship program in the country is very low. The government, through the employment agencies, must step up its efforts to promote the benefits of internship program.
- **Strengthen the capacities of the internship providers:** In other countries there are private providers that are used as catalysts of bringing together the job seekers and companies. In Montenegro however, there are almost none of the companies that are doing this function. As mentioned above it could be because the market is limited and there are no sufficient incentives. In this case, the government should either introduce the internship program in the education program through the Career Centres or strengthen the role and capacities of Employment Agencies.