



## **Employment and Social Affairs Platform**

# **Youth Employment Programmes in Montenegro**

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## I INTRODUCTION

Combating youth unemployment and promoting youth employment is recognized as a priority in Montenegro. This is evidenced by an analysis of the countries strategic documents, by the research and analysis conducted, as well as the through the implementation of specific measures designed to support youth employment.

There appears to be wide consensus among State Institutions on the importance of this issue. In fact numerous stakeholders have taken an active role towards promoting youth employment. While these actions are themselves praiseworthy, a lack of systematized information on the full range of youth promotion activities implemented and financed by the Government of Montenegro, as well as their scope in terms of number of youth beneficiaries and financial allocations, is noted.

Within the scope of the EU financed *Employment and Social Affairs Platform (ESAP)* West Balkans regional project jointly implemented by the RCC and ILO, the RCC is managing a mutual learning exercise among West Balkan institutions responsible for designing and implementing labour market and employment policies. Each of the countries involved selected an employment policy of particular interest to be subject of a peer review hosted by the country proposing the particular topic. The aim is to facilitate learning, discussion and capacity building on policy development and implementation in the domain of employment and social affairs.

Considering the attention and variety of programmes devoted to youth employment in Montenegro it is not surprising the national authorities decided to showcase this line of policy interventions. At the same time, the preparation of this background document serves as a good opportunity to gather and systematize all available information on the various programmes implemented by different State institutions. This wide approach -observing youth employment policy as a whole, rather than one particular policy intervention, however carries and inherent downside as well. Within the scope of this report, it will be impossible to describe and assess each of the interventions in in-depth and provide detailed recommendations for their improvement. However, by mapping and observing the trends in provided support and comparing these to the labour market characteristics of youth in Montenegro we will be able to assess the overall policy support provided and identify gaps in the range of youth employment promotion measures. This report may additionally be utilized as a resource guide to key documents and stakeholders in the field of youth (un)employment in Montenegro.

We are confident the variety of programmes offered in Montenegro could serve as inspiration for other participating countries to enrich their efforts to promote youth employment. At the same time, we are hoping to learn of similar experiences and lessons learnt, and even more so, of different approaches to tackling the youth employment challenge which have proven successful in other neighbouring countries.

In this report we shall briefly touch upon the labour market situation of youth in Montenegro and reflect on the strategic framework as well as on previously conducted research and formulated recommendations.

Although some of the Montenegrin legal documents define youth as the population up to the age of 30, the majority of youth focused State-funded programmes define their eligibility criteria up to the age of 29, so this is a definition of youth to be applied in this document as well. As the practice is the same across most of the West Balkans, this will also ease comparison and experience exchange.

Most attention will be devoted to outlining the measures provided by each relevant State institution which was financed through the State budget. Although services (non-financial measures) shall also be mentioned, the focus of the overview will lay on measures involving financial allocations from the side of the State Government. As the intention is to provide a comprehensive overview of youth employment policy, we shall also touch upon passive measures, examine whether any specificities are stipulated for youth in the Labour Law and also take into account youth participation in trade unions.

Finally, taking into consideration the position of youth on the labour market and the barriers different categories of youth face on the one hand, and the range of policy measures on the other, gaps will be identified. We hope this peer review exchange will provide insight into how best to approach the bridging of the identified gaps.

## II POSITION OF YOUTH ON THE LABOUR MARKET

According to the data of the Montenegrin Statistical Office (MONSTAT), in 2016, the activity rate of the overall population (over 15 years of age) was 54.5%, as compared to 49.5 % for the youth population (up to 29 years of age). The overall employment rate was 44.8%, while the youth employment rate was 35.2%. Finally the overall unemployment rate in Montenegro in 2016 was 17.7%, while the unemployment of the youth was 28.8%.

Table 1. Key youth labour market indicators, share according to educational attainment, LFS 2016

	Participation rate	Employment rate	Unemployment rate	
Total (15-29)	49,5%	35,2%	28,8%	
	Share among active youth	Share among employed youth	Share among unemployed youth	Share in youth population
ISCED <sup>1</sup> 0-2 (Completed primary or less)	7,3%	5,8%	11,1%	28,2%
ISCED 3-4 (Completed secondary)	64,4%	63,4%	66,8%	56,1%
ISCED 5-8 (Completed tertiary)	28,3%	30,8%	22,1%	15,7%

The World Bank and Vienna Institute for International Economic Studies conducted a comprehensive analysis of labour market data in all of the West Balkan countries across the 2010-2016 period<sup>2</sup>.

According to the data published therein, Montenegro has experienced employment growth since 2010. However, it is the low-educated, especially low-educated youth who have benefited least from this. Overall, youth unemployment levels remain critically high, although the youth unemployment rates fell faster than the overall unemployment rate. However, the share of long-term unemployed in the labour force is highest among the youth cohort, which indicates that there are significant risks of skills degradation of young people and subsequent labour market challenges later in their careers.

In 2015 the ILO conducted an in-depth research<sup>3</sup> on the position of youth on the labour market with a particular focus on their transition paths from school to employment. The findings of this research served as basis for comprehensive diagnostics of the problems youth in Montenegro are facing

<sup>1</sup> According to the data of MONSTAT (Statistical Office of Montenegro), the share of ISCED 0-2 consists of 0, 1 and 2, i.e. all persons of that population are aged from 15 to 29, and therefore 28.2% is the sum of these persons.

0 - Persons who completed the kindergarten

1 - Persons who completed only four, five or six grades of elementary school

2 - Persons who completed elementary school

<sup>2</sup> World Bank and Vienna Institute for International Economic Studies, *Western Balkans Labour Market Trends*, 2017 available at <http://SEEJobsGateway.net>

<sup>3</sup> Djurić D., *Labour market transition of young women and men in Montenegro*, ILO; Geneva, 2015 available at [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_477695.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_477695.pdf)

on the labour market and the barriers to their decent employment. A critical situation analysis on the basis of this research, alongside a detailed outline of the way forward in terms of youth employment promotion have been elaborated in 2016 in the ILO prepared Recommendations for policy options to Promote youth employment in Montenegro: A *White Paper*<sup>4</sup>. The labour market data and trends provided above are confirmed and explained in more detail in these documents.

The main findings of the School-To-Work-Transition Survey revolve around: i) the strong and positive relation between educational attainment, labour market outcomes and poverty; ii) the low responsiveness of youth employment to economic growth; iii) the pervasive lack of decent work opportunities for youth; and iv) the importance of social connections for gaining a foothold in the labour market.

Young people (15-29) in Montenegro have a high level of educational attainment: in 2015, approximately 63% of youth had attained secondary education and nearly 23% were university-educated. Only 12.3 % of young people in the country are low skilled, well below the average recorded among at European Union countries (33.4 %). Note should be made that according to the LFS data made available for 2016, the share of unskilled youth is significantly higher and reaches 28.2 of the population aged between 15 and 29 years of age (table 1), while the share of university graduates is estimated at 15.7% and high-school graduates account for 56.1%. This data suggests the challenge of integrating low skilled youth in the Montenegrin labour market poses itself with more urgency than suggested by the *White Paper*.

The data show that youth with a higher level of educational attainment are more likely to be employed, have higher wages and experience a faster transition to work and are less likely to fall into poverty and becoming inactive compared to youth with primary and secondary education only. Higher educational attainment, however, does not insure against the risk of unemployment, as the unemployment rate among young graduates is around 32 %. The coexistence of better employment outcomes for youth with higher educational attainment and high unemployment rates among graduates is primarily due to: i) the mismatch between the skills young people acquire at school and those demanded by employers; ii) the low job creation rate in the country, and iii) the structure of the economy, characterized by a limited capacity to absorb university graduates.

The latest LFS data however indicate the problem of low-skilled youth is also an extremely low level of labour market participation.

As the *White Paper* concludes, aside the strength of economic growth and the management of macroeconomic policies, there are a number of additional factors that may hamper the demand for young workers, including low competitiveness of the economy, labour market rigidity, high labour costs and jobless growth patterns.

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<sup>4</sup> ILO, *Recommendations for policy options to promote youth employment in Montenegro: A White Paper*, Podgorica, 2016 available at <http://www.un.org.me/Library/Youth-Empowerment/2a%20White%20paper%20-%20Recommendations%20for%20Youth%20Employment.pdf>

In addition, the flexibility granted to firms to issue temporary work contracts – with the proportion of workers employed on fixed term contracts increasing from 17.9 % of total employment in 2009 to 30.2 % in 2015 – combined with the high share of youth working in the informal economy (59.5 %) points to a pronounced duality in the labour market (formal vs. informal workers and permanent vs. fixed term employees). Since young workers are more likely to be employed informally compared to adults and to be working on fixed term contracts, they are more exposed to the detrimental effects of a segmented labour market (wage gaps, lower access to training and social security, poorer working conditions, limited tenure and low transitions to better jobs).

Payroll taxes and social security contributions probably play a more significant role than employment protection legislation in determining labour market outcomes and informality for youth, as the tax wedge is such that it is likely to push firms – especially those for which labour represents a large share of production costs – towards the informal economy.

One of the most characterizing factors of the labour market in Montenegro is the extent of decent work gaps for youth. Approximately 12.5 % of all young workers are in irregular jobs (fixed term and occasional jobs and ‘survival’ self-employment); nearly two third of all young workers (59.5 %) are in the informal economy; and over one third of them are employed as service and sales workers, despite their higher level of educational attainment.

A screening of the overall number of young people that are affected by poor labour market outcomes – with a view also to identify the groups that should be the target of policy actions – reveals that: i) young unemployed with at most secondary education are five times the number of unemployed graduates (18,519 young unemployed with secondary education or less compared to 3,835 unemployed graduates); and ii) the number of young workers exposed to decent work deficits is higher than the number of young workers with a permanent, stable job (18,935 youth face decent work gaps compared to 15,295 young workers that have a permanent job). Hence, the policy priority given to graduate unemployment (as will be documented throughout the overview) appears unwarranted compared to other challenges (overall youth unemployment, duration of unemployment spells and conditions of work). This is even more evident when the fact that nearly one third of the Montenegrin youth does not possess any qualification is also taken into consideration.

One of the key conclusions of the *White Paper* was that since approximately 73.8 % of all young (15-24) unemployed in Montenegro – contrary to what occurs in other countries – are registered with the Employment Agency of Montenegro (EAM), the persistence of long transitions from school to work and long-term unemployment (55 % of total registered unemployed) points to the need to adjust the timing and sequence of employment services (especially individualized job search assistance) as well as the design of programmes targeting youth.

The latest data obtained from the EAM for the purpose of this review provide insight into the structure of the registered youth job seekers.

Table 2. Unemployed youth (15-29) in the EAM registry, 2016.

	<b>Number</b>	<b>Share of total registered unemployed</b>
Registered unemployed	49,496	/
Registered unemployed youth	17,687	35.7
	<b>Number of registered unemployed youth</b>	<b>Share of registered unemployed youth</b>
ISCED 0-2 (Completed primary or less)	2,347	13.3
ISCED 3-4 (Completed secondary)	8,253	46.7
ISCED 5-8 (Completed tertiary)	7,087	40.0
Long-term unemployed (over 12 months)	5,804	32.8

If we keep in mind the distribution of unemployed youth across educational levels (Table 1) and that presented in Table 2, we note that highly educate youth is overrepresented among the registered unemployed at the expense of youth having completed secondary education. This is surely a result of the already mentioned focus of policy support geared toward highly educated youth.

While the share of long-term unemployed youth according to the SWTS is over 55%, the share of long-term unemployed youth registered with the EAM is just under 33%. These findings, alongside the already documented low labour market participation rate of youth with no qualifications suggests the need for activation measures, particularly geared towards the low skilled youth are much more needed than suggested in previous research.



### III POLICY FRAMEWORK

As already mentioned, youth employment is high on the policy agenda of the country.

The legal framework is bounded by several laws:

- Law on employment and exercising rights pertaining to unemployment insurance (“Official Gazette of MNE” no. 14/2010 and 45/2012);
- Labour Law (“Official Gazette of MNE” no. 49/08, 26/09, 59/2011);
- Law on vocational training of persons with acquired higher education (“Official Gazette of MNE” no. 38/2012);
- Law on Voluntary Work (“Official Gazette of MNE” no. 26/2010, 31/2010 and 14/2012);
- Law on Youth (“Official Gazette of MNE” no. 042/16).

The Rulebook on conditions, manner, criteria and scope for implementing active employment policy measures (“Official Gazette of MNE” no. 27/2012) is the key document regulating the work of the EAM.

The commitment of the Government to address the employment situation of young people – because of their vulnerability and exposure to social exclusion – is recognized in the Employment and Social Reform Programme (2015-2020) and in the National Employment Strategy 2016–2020. The 2017 Action Plan for Employment and Human Resource Development envisages activities and youth specific indicators for the monitoring of the Action Plan implementation and impact. These policy documents emphasize the importance of easing the transition to work of population groups at risk of long-term unemployment, however most emphasis is placed on highly educated youth and the programmes developed to ease their transition. In 2017, a new National Youth Strategy accompanied with annual Action Plans has been adopted for the 2017-2021 period.

The first key priority of this Strategy is that *Young people achieve economic and social security through improved access to labour market and employment*. In this Strategy, among others, the problem of youth inactivity on the labour market is clearly recognized, as well as particular barriers faced by various categories of vulnerable youth including those that have left school prior to earning a qualification.

Only the most relevant documents steering youth employment policy are mentioned in this section, while the following chapter provides a more comprehensive overview of all State institutions active in the field of youth employment promotion and the programmes they implement.

The *White Paper* provides a comprehensive set of recommendations geared to support the policy makers promote youth employment. In brief, policy recommendations have been developed to achieve the following policy outcomes and goals.

#### 1. Reduce skills mismatches

The policy options that are most relevant to reduce skills mismatches of youth in Montenegro in the medium term revolve around: i) the establishment of a Labour Market Information System (LMIS) to

help shape education, training and employment policies as well as individual choices; ii) the availability of career education and guidance services; iii) the expansion of second chance and adult learning programmes to remedy skills mismatches and iv) policy outcomes to enhance the relevance of the educational outcomes.

## **2. Promote the quantity and quality of jobs**

In order to promote the quantity and quality of the jobs it is necessary that i) investment policies and plans prioritize funding measures on the basis of their employment impact and/or knowledge and skills value added; ii) a package of incentives is in place to promote the capacity of enterprises to generate jobs for youth and iii) measures to improve conditions of work and fight informality are enacted and improve employment opportunities for youth.

## **3. Improve the design and targeting of active labour market policies targeting youth**

Aiming at improving the design and targeting of youth oriented active labour market programmes i) a dedicated employment service line, grounded on profiling, early intervention and tiered service delivery principles must be developed to target the needs of young people; ii) the design and funding of active labour market policies should be adjusted to respond to youth needs and labour market requirements and iii) *the EAM must offer quality services to employers and provide young clients with a reliable outlook of job vacancies.*

The *White Paper* elaborates in detail each of these desired outcomes and provides a wealth of specific examples and best practices as well as explicit recommendations best suited for the context of the Montenegrin labour market. For the purpose of this report we shall use this set of policy recommendations as a framework against which the existing scope of policy measures (two years after) is examined and persisting gaps are identified.

## **IV YOUTH EMPLOYMENT INTERVENTIONS: KEY ACTORS, PROGRAMMES AND BENEFICIARIES**

Through a process of consultation and desk review lead by the Ministry of Labour and Social Affairs a number of State institutions implementing programmes aimed at positively impacting youth employment have been identified. These include the Employment Agency of Montenegro, the Ministry of Education, Ministry of Sports – Directorate for Youth, the Ministry of Agriculture and Rural Development, the Development Investment Fund and Ministry of Economy – Directorate for Small and Medium-size Enterprises. A series of interviews have been held with representatives of these Institutions to complement the findings of the desk review and data provided on the number and characteristics of the young beneficiaries as well as the financial resources dedicated to these programmes in the past five years.

### **IV.A The Employment Agency of Montenegro**

During 2016, the EAM implemented three ALMPs designed to support youth employment.

#### *1. Youth are our potential, let's give them a chance*

This programme is intended to mitigate the problem of prolonged job-search of highly educated youth.

49 highly educated youth up to the age of 30, with working experience and with knowledge of English language and developed computer literacy benefited from the programme. In order to stimulate youth employment in their home municipalities, two youth from different municipalities participated.

Labour market analysis demonstrated that one of the key barriers in youth employment is a lack of key competencies, specific business skills and soft skills. The programme consisted of a three month-long theoretical part and covered three key areas: entrepreneurship information and skills, project proposal applications and project implementation and identification of potential cluster initiators.

This was followed with an 18 month-long practical part, during which the participants implemented the gained knowledge with the support of their mentors. The programme participants took part in the development of 78 project applications in cooperation with the local self-governments, Centers for social work, schools, tourist organizations, civil society organizations, etc. They have also supported the development of 25 business plans for applicants of the Investment Development Fund and supported the establishment of two clusters in Kolašin and Mojkovac, as well as in Kotor, Tivat and Herceg Novi and they have initiated the establishment of three clusters in Plužine, Šavnik and Žabljak and in Rožaje.

## 2. *Stop informal economy*

The purpose of the programme is to incapacitate youth to take up jobs in the field of informal economy prevention. Considering the youth is particularly negatively affected by informal economy this programme provided them a chance to directly combat this phenomenon. In 2016, 100 unemployed youth participated, while the number of young participants reached 145 in 2017.

Unemployed highly educated youth, up to the age of 30 with at least nine months of work experience were eligible to participate. In addition to these characteristics, the participants were also responsible, team players, ambitious, eager to learn and had strong views on the importance of conducting work within the formal bounds.

The representatives of the Labour Inspectorate and other participating institutions assessed the support provided by these youth as significant in increasing their effectiveness. Currently several positions have been opened for employment within these institutions and it is expected the programme participants will have a good chance of securing employment.

## 3. *Working Independently*

A first working experience programme was designed for high-school graduates. This programme was intended for high school graduates who have obtained their diploma within the last two years. The Employment Agency covered the cost of their wages for a six-month period and 51 employers participated last year, engaging 71 young unemployed in order to incapacitate them to independently perform their work assignments. The partner enterprises were from the private sector and must have recorded an increase in the number of employees in the 12 month period preceding participation in the programme. Also, they were obliged to provide adequate spatial, technical and human resources to conduct the programme, including the development of a programme and providing mentorship. Upon completion of the programme the participants had gained right to take their professional exams.

Beside these programmes specifically intended for youth, young beneficiaries may be found among the programmes developed for Roma and PWD, as well as in all other programmes which include adult training programmes, public works, self-employment loans, etc. Employers are offered subsidies in order to stimulate the employment of various hard-to-employ categories, however youth are not among those specified.

Table 3. Number and structure of remaining non-youth specific ALMP<sup>5</sup> beneficiaries in 2016

	<b>Number</b>	<b>Share of overall beneficiaries</b>
Overall beneficiaries	2.020	100 %
Youth beneficiaries	740	36,63 %
	<b>Number of youth beneficiaries</b>	<b>Share of youth beneficiaries</b>
ISCED 0-2 (Completed primary or less)	64	8,65 %
ISCED 3-4 (Completed secondary)	413	55,80 %
ISCED 5-8 (Completed tertiary)	263	35,55 %
Long-term unemployed (over 12 months)	63	8,51 %
Very long-term unemployed (over 24 months)	20	2,70%
Roma	18	
Persons with disability	86	
From rural areas		

The Employment Agency also offers a number of services intended to support career guidance and job search efforts through information provision and counselling of their clients, including the youth.

Overall, 37% of ALMP beneficiaries are youth, while they represent 36% of the registered unemployed, demonstrating youth are proportionally streamlined into ALMPs. However, if we consider that apart from the measures designed within person with disability professional rehabilitation and employment efforts, youth are the only specific category, specialized measures have been designed for, we can conclude youth are certainly in the focus of the employment policy makers. However, insufficient attention is devoted to youth with no qualifications. While these youth may take part in all of the available measures (providing they meet the eligibility criteria), the only ALMP suited for this category, leading to enhanced vocational competencies are short vocational trainings delivered by certified institutions which encompass both a theoretical and practical component (in a 30% to 70% ratio).

In addressing the problem of low participation of youth, including those with low qualifications a newly developed online registration platform, initially intended for registering potential seasonal workers, could prove beneficial as it will ease the registration process, tailor it to the needs and habits of youth and allow for it to take place via internet from distance. This platform will be widely advertised and promoted. This however, will not be sufficient to address the problem of low labour market participation and employment rates of unskilled youth in Montenegro. More effort will be required to activate and motivate them to take a proactive role in securing decent employment.

<sup>5</sup> This data does not include the beneficiaries of the EAM supported self-employment scheme.

## IV.B Ministry Of Education

The Ministry of Education implements the staple youth employment programme in Montenegro called *Vocational Training Programme*

The Vocational Training programme has been delivered since 2013 and is intended for youth who have acquired higher education. It is implemented in line with the Law on vocational training of persons with acquired higher education ("Official Gazette of Montenegro", No. 38/2012) and the Rulebook on the manner of publishing the public calls, procedure and criteria for vocational training ("Official Gazette of Montenegro", No. 46/2012). In 2013, 4,211 youth benefited from this programme, while in 2017 the number of beneficiaries reached 3,274, while the financial allocations ranged between 10 and 8.5 million EUR.

Vocational training is a continuous, program-based and systematic activity for acquiring knowledge, skills and competences to independently perform work-related tasks. It is carried out without establishing employment, in accordance with the programme for vocational training in a certain area of activity.

Youth possessing higher education who do not have work experience at their educational level and are registered as unemployed with the EAM are eligible to participate. The programme lasts nine months and this period is considered as condition for taking the appropriate professional exam. The beneficiaries of the program receive a monthly stipend in the value of 50% of the average net salary in Montenegro in the year preceding the conclusion of the vocational training contract. Vocational training of university graduates is carried out every year in the period from January 15 to October 15.

On the one side, the programme ensures young graduates acquire the necessary work experience, and on the other, the employers are given a chance to refine their understanding of their human resources needs, shape a young worker according to their specific needs and hire him or her, after a long enough period to verify the trainees capacities and approach to work.

The interest of the employers is impressive and the matching of the youth's characteristics and the employers needs is done electronically. For the past several years, the employers expressed greatest interest for graduates of economic science (economy, accounting, finance and banking), tourism, electronics, telecommunications and computer science, English language and literature, journalism and pedagogical studies.

Studies have shown that the Programme contributes towards achieving the key goal, which is offering support to young university students in their transition from the world of studying to the world of work, and increasing the youth's employability. In addition to helping university students gain relevant work experience, the Programme provides the employers in public and private sectors with a chance to recognize the need for certain educational profiles matching each employer's particular field of activity, and to recruit the best suited individuals once their work training has been completed.

It is also worthwhile noting that the Ministry of Education has invested considerable effort in the improvement of the legal framework for professional practice in the scope of vocational secondary education, through a dual education approach. This is complimented with a campaign promoting deficit vocational occupations and stipend awarding for youth enrolling in educational profiles leading to occupations which are missing on the labour market. In addition to this, also career guidance is available to both elementary and secondary students.

The labour market effects, i.e. higher youth employment rates, as result of these actions should be visible in a few years' time.

Finally, also notable efforts have been made by this Ministry in the field of entrepreneurship promotion among high-school students. This will further be developed in a separate section devoted to youth entrepreneurship promotion in Montenegro.

#### IV.C Ministry Of Sports

As of 2017 the Ministry of Sports through the Directorate for Youth, initiated a grants programme for projects supporting youth. One of the components of this programme referred to youth employment promotion. A total of 36 projects were supported, out of which seven addressed youth unemployment. Youth entrepreneurship has proven to be in focus. Two criteria have been key in the grant awarding selection process: the share of youth to benefit and the innovativeness of the project approach.

A total of EUR 170,000 have been invested in these projects in 2017, while the funds will be multiplied in 2018 and will reach over EUR 500,000 out of which approximately one fifth is to be invested in youth employment promotion.

It is important to emphasise that there is no precise information about youth who belong to the category of NEET.<sup>6</sup> The table below summarizes in brief the youth employment promotion projects supported by the Ministry of Sports.<sup>7</sup>

Out of the total number of projects, seven were related to the key outcome A: *Youth achieves economic and social security through easier access to the labour market and the obtaining of employment:*

CEMI	<p><u><i>“Labour market training of the youth from Montenegro’s northern counties”</i></u>  The project’s overall objective is to advance the youth’s socio-economic situation through creating opportunities to reduce youth unemployment, promoting the active approach to job</p>
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<sup>6</sup>NEET – not employed, not in education, not in training

<sup>7</sup>According to this Ministry hard to employ youth are youth from the North of Montenegro and from rural areas, Roma and those without parental care.

	search and self-employment, as well as strengthening the youth's capacities by preparing them for the labour market. This project will also help bridge the existing gap between the school system and the needs of the labour market. The project's specific goal is to promote the youth employment in the northern part of Montenegro.
Union of Young Entrepreneurs of Montenegro	<u>Montenegro's first entrepreneurial portal and blog "No Reason We Can't"</u> The project's objective is to encourage entrepreneurial spirit among the Montenegrin youth and to support current and future young entrepreneurs in Montenegro.
NGO "Ekvivalent"	<u>"Promoting the employability of the youth without parental care"</u> The proposed project's overall goal is to help the youth without parental care achieve economic and social security by promoting the recognition of their rights to work and obtain employment.
Association for Democratic Prosperity "Zid"	<u>"Get Engaged"</u> The project's overall objective is to provide the youth with career counselling so as to help them fulfil their potential in the field of career development and improve their employability. The project's target group are the young people between the ages of 15 and 30, who need further vocational guidance and who will – by means of direct involvement in project activities - receive expert assistance in the form of professional counselling on the issues of educational and personal difficulties, career counselling and briefing, development of professional and life skills, expert assistance in writing CVs and accompanying letters, assessment of personal and professional characteristics (such as interests, needs, abilities and skills), as well as other advice relevant to making decisions on the further career development and management.
Children's Rights Centre of Montenegro	<u>"Providing support for youth after the cessation of institutional protection through education and employment"</u> The project's aim is to increase the social community's capital through the development of combined social support programmes, which is achieved by interconnecting all the social actors and strengthening cooperation among them, with the idea to enhance the protection of youth without parental care (advancing the youth's development potential for independent living within the community, increasing their educational capacities and creating conditions for employment, connecting social partners in supporting and protecting this user group)
NGO Association for Youth and Children – "Kuća"	<u>"Advancing knowledge and skills of the youth housed at the 'Ljubović' Centre Public Institution"</u> The aim of this programme is to amend the lack of qualifications and competence among the youth living at the "Ljubović" Centre, to improve and strengthen their resources, to reduce the qualification gap between the labour market needs and the knowledge and skills these young people do (not) possess.
NGO Centre for Entrepreneurial Society Development	<u>"Youth and Entrepreneurial Initiative"</u> It is evident that a large number of young people enter the formal education system which does not offer much incentive for entrepreneurial action. The main objective is additional education of the young population falling into the age group of 16-25, in order to stimulate creative and action elements which would encourage entrepreneurship in this group of people.



Another two projects, whose activities have been acknowledged in the Strategy's other key outcomes, should have contributed youth employment:

Association of Youth with Disabilities of Montenegro (AYDM)	<p><u>"For youth with disabilities, without barriers"</u></p> <p>The project's objective is to improve the position of youth with disabilities in Montenegro through activities aimed at briefing, promoting and advocating for the human rights and the independent life of youth with disabilities, as well as providing these young people with relevant practical experience and knowledge, which would make their access to the labour market easier. Another goal is to raise the wider community's awareness of the rights and needs of the people with disabilities, especially in the fields of education and employment.</p>
Forum MNE	<p><u>"Professionalization of youth service - training youth activists"</u></p> <p>The aim of the project is to help the professionalization of the youth services (youth clubs and a youth centre) through the implementation of accredited training for youth activists. The project is intended to cover the southern part of Montenegro, whereas the central and northern parts would be included in a subsequent one.</p>

The project "*Get engaged!*" through which career guidance was provided via phone has been highlighted as particularly successful. Also a Union of young entrepreneurs has been established with significant online presence and one successful fair organization where these entrepreneurs represented themselves and their products/services.

The projects that were financed in 2017, related to support of employment of marginalized groups are:

- **NGO "Ekvivalent"** (children without parental care)
- **CEMI** (young people from the north of Montenegro)
- **NGO Association for Youth and Children – "Kuća"** (young people from the Center Ljubovic-behaviour problems)
- **Association of Youth with Disabilities of Montenegro** (Youth with Disabilities)

The Ministry of Sports gives logistic support to 10 Youth Offices in local self-government and gives guidelines and recommendations. It empowers the capacities for their work through trainings for officials in local self-governments. The Youth Offices may freely be visited, and it is a place where young people can access computer equipment or participate in a variety of activities. Although the purpose of this overview is to bring together information on all of the activities and programmes financed by the Government of Montenegro in order to promote youth employment, it is worth mentioning that the Ministry of Sports is very active in promoting youth activism in a wider sense as well. Through a number of initiatives youth have and are being given the opportunity to develop their socio-emotional skills, as well as the skills pertaining to communication, leadership, team work and financial literacy; through experiences of contributing to their communities, they gain the opportunity to perceive their own potential, to develop self-confidence as well as responsibility, which are the skills they will most certainly need in the process of job-searching and, eventually, at the workplace.

## IV.D Development Investment Fund

The Development Investment Fund started its programme of support to youth entrepreneurship in 2013. Two credit lines are relevant for this category, that for youth and highly educated unemployed. The selection process is conducted solely on the basis of the business plan.

### 1. Youth Business Loan Scheme

The Scheme's objective is to promote the founding and business development of micro, small and medium enterprises and entrepreneurships owned by Montenegrin citizens under 35 years of age. The idea is to pay special attention to this target group in order to ensure a higher degree of its involvement in entrepreneurship, as well as to create better conditions for young entrepreneurs.

#### Terms of Credit:

- Maximum amount of up to EUR 50,000.00 (for entrepreneurs, up to EUR 30,000.00)
- Annual interest of 2.5%, using the proportional method of interest calculation;
- Repayment period of up to 12 years (including grace period)
- Grace period of up to 4 years

#### Special terms of credit:

- For entities implementing projects in the country's northern municipalities or in the municipalities whose development level is below Montenegro's average, the annual interest rate is 2.00%, using the proportional method of interest calculation.

### 2. Loan Scheme for University Graduates

The Scheme's objective is to promote the founding and business development of micro, small and medium enterprises and entrepreneurships owned by Montenegrin citizens who have university degrees and who are registered as unemployed by the Employment Agency of Montenegro. The idea is to pay special attention to this target group in order to ensure a higher degree of its involvement in entrepreneurship, as well as to create conditions for employing unemployed university graduates.

#### Terms of Credit:

- Maximum amount of up to EUR 50,000.00 (for entrepreneurs, up to EUR 30,000.00 )
- Annual interest of 0%;
- Repayment period of up to 12 years (including grace period)
- Grace period of up to 4 years

Based on the aforementioned schemes, 73 placements worth EUR 2.1 million were approved over the 2014 - 2017 period (10 months).

As securing collaterals in the process of applying for loans is a major obstacle for young entrepreneurs, the Fund is planning on establishing a Guarantee Fund in order to additionally support young entrepreneurs.

#### **IV.E Ministry Of Agriculture and Rural Development**

Considering the share of youth employed in the agriculture sector in Montenegro (7%) is far below the EU average (15%) and that youth unemployment is particularly pronounced in rural areas, the Ministry of Agriculture and Rural Development developed two schemes to promote youth self-employment in this sector.

The Ministry of Agriculture and Rural Development provides novice beekeepers with the opportunity to receive three beehives with three bee hives on the frames, thus giving them a chance to start a beekeeping business. The support programme resulted in a very positive experience in 2016 due to a huge interest of young people. Therefore, in order to support as many unemployed young people as possible, the total amount of available funds has been increased to EUR 25,000.00. The support provided by the Ministry amounts to 80 percent of the total value of three hives with swarms (established bee colonies).

##### *Young Farmers*

“Young farmers” for youth holding, either a secondary or tertiary degree in agriculture related educational profiles and whose family owns land or which have rented land. The available subsidy is up to EUR 10,000 and the interest of youth was very high. In fact the pronounced interest for this programme is cited as reason for defining the specific educational background in the eligibility criteria for this programme. The programme also provides mentoring services, and the transfer of each payment tranche is conditioned by the submission of reports detailing the progress in line with the business plan submitted. The beneficiaries are obliged to remain in farming for at least a five-year period.

An EU funded programme (IPARD) envisages the organization and delivery of short (three month) training programmes, delivered by certified training providers, intended to equip future farmers with skills necessary. Considering the number of youth without qualifications and the particularly difficult position of this youth in some regions, this type of training could be considered as a good mechanism to raise the competencies of unskilled youth and promote their employment in rural areas.

The education structure has been monitored only through the start-up support programme for young farmers, which was launched for the first time in 2017, and based on its 46 beneficiaries, is as follows:

- 19 veterinary technicians;
- 18 agricultural technicians;
- 4 animal husbandry technicians;
- 2 B.Sc. Agri.in animal husbandry;
- 2 B.Sc. Agri. in horticulture;
- 1 B.Sc. Agri. in fruit and vine growing;

i.e. 41 users with secondary education and 5 graduate agricultural engineers.

With regarding to the start-up support programme for young farmers, a total of EUR 449,528.81 was spent on 46 beneficiaries, out of which, 42 were under 29 years of age, and the remaining 4 were 30 years old.

#### IV.F Ministry Of Economy

The Ministry of Economy offers a number of programmes intended to stimulate the economic development through support to entrepreneurship and opening new jobs. The support provided is scaled in relation to the level of economic development of the municipalities where the micro, small and medium size enterprises are registered. Although youth are not in the focus of their interventions they have benefited from their support.

This particularly refers to the **subsidies** offered for **new job openings**. Depending on the region, value of investment and number of job openings the Ministry of Economy may approve a subsidy for each new job opening in the value between 3,000 and 10,000 EUR. The Ministry of Economy is currently not monitoring the characteristics of the newly employed, so it is unfortunately not possible to report on the number of youth supported in this way, nor attribute a monetary value to the youth employment promotion disbursement through these budget lines.

Considering the challenges of youth employment facing Montenegro, this Ministry could consider evaluating applications envisaging the employment of youth – particularly those with no/low qualifications and including on-the-job training to be provided by the enterprises (which is often the case) more favourably and enhance the impact of these substantial subsidies on youth employment promotion.

Another programme considered to promote youth employment is the development of **Business Zones**. Registering enterprises within them entails significant benefits in terms of tax cuts and social contribution wavers for a five-year period. Unfortunately, again, no data on the number of employed youth in such companies is documented.

Finally, in cooperation with the Development Investment Fund, the Ministry of Economy provides **support to aspiring new entrepreneurs** through consultation in the process of their business plan development and through advice provision. The **clustering** process currently underway may also significantly benefit young entrepreneurs as it has the potential to cut down on equipment,

transportation and other costs relieving some of the pressure off newly established smaller size companies.

It is important to point out that Business Stimulating Programs under the responsibility of the Ministry of Economy are not oriented for the employment of youth. However, within the framework of most programs, one of the criteria is "employment of youth", which should positively impact the enterprises readiness to employ this category of population. In this way they could be more competitive during the selection process in the allocation of state aid, which is defined by Business Stimulating Programs.

## V THE SCOPE AND RANGE OF EMPLOYMENT MEASURES

As described, a wide variety of youth employment programmes have been developed and implemented, reaching a significant number of youth. The number of young beneficiaries and financial resources dedicated to youth employment from the side of various State institutions is summarized in Table 5.

Table 4. Number of youth participants and the corresponding financial expenditure (EUR) in 2013-2017 period

		2013		2014		2015		2016		2017	
		N.youthp articip.	Financ. expend.	N.youth particip	Financ. expend.	N.youthp articip.	Financ. expend.	N.youthp articip.	Financ. expend.	N.youth particip	Financ. expend.
<b>EAM</b>	Youth specific ALMP	/	/	/	/	50	251,396	149	436,308	145	415,000
	Remaining ALMP <sup>8</sup>	422	414,384	798	501,275	991	978,824	595	591,057	392	448,934
<b>Min. of Education</b>	Vocational training	4.211	10 mil.	3.744	9 mil.	3.458	8,5 mil.	3.319	8,5 mil.	3.274	8 mil.
<b>Min. of Sports</b>	YE promotion grants	/	/	/	/	/	/	/	/	257 <sup>9</sup>	40,512
<b>Min. of Agriculture</b>	Young honey producers	/	/	/	/	/	/	/	/	102	26,264
	Young Farmers	/	/	/	/	/	/	/	/	42	410,439
<b>Invest. Development Fund</b>	Business start-up credits for youth	/	/	3	4,262	13	25,665	34	76,682	32	115,895
<b>Total</b>		4,633	10,414,384	4,545	9,505,537	4,512	9,755,885	4,097	9,604,047	4,244	9,457,044
<b>Total 2013-2017 period</b>		<b>N. youth participants: 22,031</b>				<b>Financial expenditure: 48,736,897</b>					

An examination of this data illustrates the increase of attention devoted to youth employment by the Government of Montenegro. The variety of programmes and number of institutions active in this respect has been increasing, especially so during last year. Although the budget allocation of the Ministry of Education has been decreasing (and consequently the number of young beneficiaries) a growing number of institutions is becoming active offering a wider range of programmes catering to various employment aspirations of youth. Overall the annual 'investment' in youth employment promotion varied between approximately 9.5 and 10.5 million EUR, while the number of youth benefiting from these programmes varied between 4,097 and 4,633.

<sup>8</sup>This data does not include the beneficiaries of the EAM supported self-employment scheme

<sup>9</sup>Refers only to direct beneficiaries, among which the majority benefited mainly from services such as career guidance, entrepreneurship learning, etc.

In the past five years, the Government of Montenegro spent nearly EUR 49 million and supported over 22,000 youth in their transition to employment.

Unfortunately, apart from the Employment Agency of Montenegro, the other institutions do not have readily available data on the characteristics of their programme participants (educational attainment, unemployment spell, etc.) which would allow for a comprehensive analysis of the scope of the offered programmes in terms of including the full range of unemployed youth. However, many of the programmes are in their design intended for university graduates, such as two out of three EAM ALMPs targeting youth (the third is for high school graduates), the most beneficial credit line of the Investment Development Fund, the most wide-spread youth employment promotion programme delivered by the Ministry of Youth and even the Young Farmers programme of the Ministry of Agriculture requires the young farmers have at least secondary education in a related field.

This clearly indicates a lack of recognition and attention devoted to the youth which are most vulnerable on the labour market – unskilled youth.

One more trend is notable, and that is the increased promotion of youth entrepreneurship. Besides the self-employment support provided by the EAM, both the Ministry of Agriculture and Investment Development Fund directly financially support youth entrepreneurship and entrepreneurship is also promoted through the majority of the projects financially supported by the Ministry of Sports.

In relation to this it should also be mentioned that the last EC report presented to Montenegro in 2016, stated that Montenegro is an example of best practices in the field of entrepreneurship development. Positive results are evident when the awards Montenegrin high-schools and Faculties are taken into account.

## VI ENTREPRENEURSHIP DEVELOPMENT

This section will briefly present the activities pertaining to the introduction of entrepreneurial learning in primary and secondary schools in Montenegro, which are considered a best practice in the region in the field of entrepreneurial learning

Entrepreneurship Learning Programme has been developed at the general education level, within the framework of activities in pre-school education (3-6 years old). Entrepreneurial learning has been introduced in the primary school curriculum as a cross-curricular element, and since the school year 2014/15, all the primary school pupils have been encompassed; the school subject of entrepreneurship was introduced into Montenegrin general secondary education for the first time in 2015 as an elective subject; an Entrepreneurial School platform was developed, and it will enable direct cooperation and exchange of information between schools and teachers at all levels of education.

In general secondary education, Entrepreneurial learning is carried out cross-curricular in accordance with the programme *Interdisciplinary field entrepreneurial learning in the subject programmes for general secondary education*, which has been adopted by the National Council of Education. Starting from the school year of 2015/16, in all the high-schools, entrepreneurial learning has been implemented as an interdisciplinary field. In secondary vocational schools, this programme has been implemented as a part of the general education group of subjects. In high-schools, it has been implemented as an elective subject in the first or second grade. Last school year, 234 first-grade high-school students (10.1%) and 132 second-grade high-school students (5.7%) opted to study this subject, which, in total, makes 15.8%.

A training programme has been developed to help school-teachers integrate entrepreneurship learning into the regular teaching activities. Some 2700 school-teachers have completed the training programme, which makes up over 50% of the elementary school employees. All the elementary school principals have also attended one-day seminars. A number of secondary vocational school principals have been given courses on the topic of entrepreneurial learning implementation, and on their own involvement in the process. Cooperation with entrepreneurs has been established, and they were also given a certain training in order to be included in the teaching process. Some 10 entrepreneurs from the north of Montenegro have completed the training. An entirely new concept of Entrepreneurial Centres in secondary vocational schools, has been developed in order to encourage young and unemployed people to acquire entrepreneurial knowledge and skills through certain forms of education, which would allow them to start their own businesses. Four entrepreneurial centres have been established in schools in the towns of Bar, Bijelo Polje, Berane and Mojkovac. About 20 entrepreneurial clubs have been established across the country, making it possible for the students to produce certain products and sell them on the market (souvenirs made by decoupage-technique, decorative lamps, applications, etc). This concept is implemented in both secondary vocational schools and high-schools. The Vocational Education Centre has so far organized two international and four national enterprise workshops, as well as participation in over 30 international workshops attended by



secondary vocational school students. The Vocational Education Centre has also organized two national competitions for the best business plan developed by these secondary vocational school students.

In this context, (young) entrepreneurs in Montenegro have at their disposal the capacities of the Innovation-Entrepreneurship Centre (IPC) 'Tehnopolis' in Nikšić, as well as three business incubators. IPCTEHNOPOLIS (opened in September 2016) is aimed at promoting the entrepreneurship development by means of establishing new companies, creating jobs and developing companies based on new, innovative ideas and technology. Tehnopolis provides the freshly established and existing companies with consulting services; organizes programmes of education, training and acquisition of practical skills; helps connect different institutions, scientific research community and foreign partners with the regional and local economy.

Taking all of the above into account, we can speak of a concerted effort from the side of the Government of Montenegro to develop an entrepreneurial outlook among the new labour market entrants and those who have already left the formal education system as a means of promoting youth employment and job creation. This clearly has its merits and is commendable, but we should also keep in mind that self-employment is vulnerable employment.

## VII INTERVENTION EFFECT ON YOUTH EMPLOYMENT

Up to date no net-impact assessments of measures aiming at enhancing youth employment have been conducted in Montenegro. In fact many of the interventions described are too recent (ideally, at least two years should pass since the end of a measure in order to assess its impact) to allow for impact assessments and these should be performed in the years to come in order to evaluate the merits of these State budget investments.

Related to this, also the data keeping, i.e. information on various characteristics of programme beneficiaries should be improved in all institutions in order to ensure effective monitoring and assessment is possible. At the moment, only the EAM keeps an updated, easily accessible database of programme participants.

However, some evaluations have been conducted and the key results of relevance for this overview are presented.

The "Youth is our potential, let's give them a chance" programme encompassed 50 young people with higher education. Immediately after the programme's implementation, i.e. within the period of up to six months, 49% of the programme participants were employed. The "Stop grey economy" programme for the training and employment of the young people with higher education in the field of the informal business prevention, encompassed 245 unemployed individuals with at least nine months of work experience. Shortly after the programme's implementation, i.e. within the period of up to six months, 33% of the programme participants were employed, while 145 participants completed the programme on December 31, 2017.

In order to monitor the implementation of the Vocational Training Programme intended for the individuals with higher education, an analysis, based on the participants' opinion on the Programme, was performed. To this end, a survey was sent out to both the employers and the beneficiaries, with a filling instruction enclosed.

The feedback was received from 428 participants. The largest number of the surveyed individuals was from the private sector (206), state institutions (140), NGOs (29), etc. For the most part, the participants were assigned the employers who were their first preference (304), while there were also those participants who were not sure which preference their allotted employer had been (43).

Through questionnaires, the participants declared that they were satisfied with the assigned employer and that they had signed a Vocational Training Contract (423 participants), that they had a mentor (414 participants), that they were fully (400 participants) or partially (18 participants) aware of their duties, that they performed work assignments independently (407 participants). 408 participants would recommend the programme to the next generations, 359 participants stated that they had been fully provided with all the conditions necessary for vocational training, 49 were partly provided, whereas 11 participants stated that they had not been provided with proper vocational training conditions.

Ninety-three interviewed employers out of 167 expressed an interest in recruiting the university graduates once the programme was completed (out of which 61 expressed an interest in hiring at least one participant after the completion of the vocational training, which makes up about 30 % of the surveyed employers).

While these findings are clearly positive and promising, considering the value of the investment in this programme and the number of youth included in Vocational Training, as well as the fact that the programme has been continuously delivered since 2013 a net impact assessment of this programme would be highly recommendable and would validate that these significant resources are indeed invested in the enhancing the employability of the participating youth. This is true for all of the other programmes financed through the State budget and is all the more relevant when available resources for employment promotion programmes are scarce.

## VIII YOUTH EMPLOYMENT PASSIVE POLICY

Although youth are typically not prominent among the beneficiaries of unemployment benefits in outlining the full range of employment policies affecting the unemployed youth, these too must be taken into account.

Table 5. Number of youth recipients of unemployment benefit and the corresponding financial expenditure in 2013-2017 period

	2013		2014		2015		2016		2017	
	N.youth particip.	Financ. expend.	N.youth particip.	Financ. expend.	N.youth particip.	Financ. expend.	N.youth particip.	Financ. expend.	N.youth particip.	Financ. expend.
Unemployment insurance	4,998	1,860,398	2,601	810,458	1,753	578,051	1,817	728,808	1,844	865,873

Data in Table 5 demonstrates the number of youth benefiting from unemployment insurance has been dropping in the past five years. This is most likely due to the lower number of youth losing their jobs, but also calls for attention in respect the number of youth being covered by insurance in the case of unemployment. Nevertheless, the financial expenditures for this purpose have ranged between EUR 1,860,398 for nearly 5,000 youth in 2013 when the scope was largest to EUR 578,051 covering 1,753 youth when it was lowest in 2015.

## IX LABOUR LAW - YOUTH SPECIFIC LABOUR MARKET INSTITUTIONS

The current Labour Law<sup>10</sup> does not envisage any youth specific provisions apart from those stipulated in the field of occupational health and safety. Article 74 states that among others, employed youth under the age of 18 have the right to additional safety measures. They may not perform work which is of exceptionally strenuous nature, which is performed under ground or below the sea, nor work which could be harmful to their health. Workers under the age of 18 are not to work longer than the prescribed working hours, nor may they work at night (unless in a disaster situation).

Nevertheless the Labour Law has been analyzed from the perspective of promoting youth employment, while having in mind new development tendencies. Beside the already outlined recommendations provide in the *White Book*, the author of a 2017 UNDP study<sup>11</sup> considers that the dynamic technological changes that affect established patterns of work and behaviour, are also going to affect the life of the Montenegrin youth. The youth employment issue needs to be looked at through various prisms – legal protection of employment, tax burden, improvement of the business environment and social security system.

A number of specific policy recommendations have been brought forward with the aim of enhancing the flexibility of the labour market and responding to emerging needs of both the employers and young workers. The author considers that.

Restrictive local regulations, focused on protecting the existing jobs, may help slow down the disappearance of certain jobs, but they will also limit and hinder the creation of many new jobs. Therefore, they need to be adapted in keeping with the change of times and new circumstances. In the context of economic and technological megatrends, the issue of transformation of both labour legislations and social security systems, needs to be raised so as to avoid the local regulations being an impediment to the competitiveness of the Montenegrin youth and to their employment, or their obtaining incomes based on their own property. If the regulations are way too restrictive, rigid and costly, while legal, social and health care is ineffective, some people will "vote with their feet" or avoid local duties. This would be a loss for both the local population and the overall economic system, including the budget.

Systematic, comprehensive and consistent overhaul of the entire employment system is needed, as well as changes to the tax and social policies, in order to reduce employment impediments, especially in the youth employment sector. These changes primarily imply a new concept of work contracts and basic rules governing the contractual relationship between the employer and the employee. The unduly complicated and layered practice of collective bargaining needs to be reviewed and simplified. Social benefits must not motivate inactivity, idleness or informal work. Social and family role and "demanding" work engagement must not be compensated by life-long benefits and pensions.

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<sup>10</sup>Labour Law *Official Gazette of Montenegro*, no. 49/2008, 26/2009, 59/2011 and 66/2012

Especially not if they are focused on certain social groups. A gradual reduction of the employment income tax needs to be re-examined, along with the possibility for the young people, especially students, to choose whether they would contribute to the mandatory pension insurance. The whole pension system needs to be reformed, as it is unsustainable in the long-term and disincentive to formal employment of the youth.

These changes should be followed by the changes in regulations - which would encourage rather than discourage students to work and acquire experience. Reconsideration of the minimum wage policy, especially the young people's minimum income, should be part of comprehensive, long-term structural reforms of the labour market.

## X YOUTH AND COLLECTIVE BARGAINING

The problem of the quality of youth employment has been well documented. Youth are most often employed in the trade, tourism and services sectors which are particularly characterized by high shares of informality. This raises the question of youth awareness on decent work standards and on their capacity to take an active role in improving their working conditions through trade union participation and activism.

Two representatives Unions currently operate in Montenegro, the Union of Free Trade Unions and the Confederation of Trade Unions. Although both recognize and acknowledge the importance of youth participation in trade unions, neither poses information on the number, or share of youth members.

A significant number of young people in Montenegro are employed in sectors that do not have a high level of trade union organization and there is a large number of temporary contracts. Considering the flexibility of labour relations and the low level of protective measures youth do not show interest in joining trade unions,

Youth sections exist and operate in varying intensity depending on the Trade Union priorities and available funding. Some of the most successful youth targeting activities included the organization of *Union School* courses for youth called the *ABC of Syndicalism* alongside a number of different workshops and cooperation with the Student Parliament for example. Also a two-year programme involving youth which had applied for vocational high schools was very successful. In total six workshops three-day were organized across the country including six to 15 participants on the topics of civil engagement, syndicalism and labour rights. An S.O.S. telephone line has been established for young participants of the *Professional Experience* programme and numerous street performances have been organized. However, due to scarce resources such actions are no longer implemented and the key question “*How to attract the youth?*” remains.

## XI CONCLUDING REMARKS AND YOUTH EMPLOYMENT POLICY GAPS

Several key findings, conclusions and recommendations have been highlighted throughout the document. In these following paragraphs they shall briefly be revisited in the framework of the blueprint provided for youth employment policy in the ILO *White Paper*. The main purpose of this section is to identify the policy gaps persisting in the range of youth employment promotion interventions.

With regards **reducing skills mismatches** it appears the Ministry of Education is undertaking efforts to align the curricula (especially that of secondary vocational schools) to the needs of the labour market through the introduction of elements of dual education. In addition to this activities geared towards the promotion of enrolment into educational programmes that lead to occupations demanded on the labour market are in place. However, there still appears to be a lack of systematic labour information collection and dissemination with the purpose of informing education enrolment policy and even more importantly providing relevant and up-to-date information to future students and their parents on labour market prospects of labour market entrants of various occupations.

While career information and professional orientation are gaining a strong foothold in the formal education system, second chance educational programmes are not sufficiently/adequately developed. This is all the more relevant as these are such programmes are most relevant in raising the employability of unskilled youth which are currently insufficiently recognized by the employment policy makers in Montenegro. These primarily refer to a) functional education programmes, through which early school leavers (those who have not completed elementary school) have a chance to earn a formally recognized elementary school diploma and b) short vocational training programmes (ideally delivered by enterprises in a real work environment). Although the later do exist among the standard EAM ALMPs it appears they are not achieving their full potential. In order to improve their performance for no/low skilled youth these programmes should be specifically re-designed and advertised in order to cater to the needs and specificities of this specifically targeted youth population.

In order to **promote the quantity and quality of jobs** a detailed analysis of the employment protection legislation and labour market instruments seems warranted. Throughout this document several arguments brought forward by previous research have been highlighted that justify the recommendation to reconsider the effect the current Labour Law has on youth employment and consider if alternative solutions may positively impact youth employment.

In addition, although the Government of Montenegro offers employment subsidies through programmes of the Ministry of Economy, no category of unemployed is specified to be prioritized for such subsidies. It appears this could be an excellent instrument to promote the employment of the most disadvantaged categories. Having in mind the *deadweight* risk associated with subsidized employment this financial stimulation should be made available only for the hiring of unskilled youth. Additional points could be attributed to applications that also envisage a vocational training programme for the hired unskilled youth which would upgrade their skills and labour market outlook in the future as well.



Similarly, also the EAM offers subsidies for the employment of specified hard-to-employ categories of unemployed, however youth are not among them. Again, considering the wide range of other programmes available for highly educated youth and the financial resources invested in supporting their employment, these subsidies should be reserved for the employment of low/no skilled youth.

Entrepreneurship is clearly viewed as an opportunity to create jobs for youth and much effort is invested not only into entrepreneurship promotion and 'learning' but also in providing financial support to youth (not only) to start their own business. These efforts appear to be yielding positive results, still it is too early to speak of the 'survival rates' of these companies.

Although the problem of widespread youth informal employment and poor quality of jobs held by youth is recognized by the policy makers, little effort is made to combat this phenomenon.

Finally, the issue of **improving the design and targeting of active labour market policies targeting youth** has already been touched upon with respect the need to develop youth tailored vocational and functional training programmes for no/low skilled youth.

Youth are in the centre of the ALMP design and delivery. Apart from persons with disabilities, youth are the only category of unemployed for which ALMPs have been specially designed. However, as already highlighted several times, these programmes focus on the categories of youth which are arguable in the least difficult position of the labour market – highly educated, and youth having completed vocational high-schools. In addition, one of the key problems of youth most detached from the labour market – lack of activity is hardly recognized and addressed.