

WOMEN EMPLOYMENT STUDY FOR MONTENEGRO



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Women Employment Study for Montenegro

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Abbreviations

ALMP	Active Labour Market Policy
CSO	Civil Society Organization
CRPS	Central Registry of Commercial Subjects
EAM	Employment Agency of Montenegro
EC	European Commission
EIGE	European Institute for Gender Equality
EU	European Union
GDP	Gross Domestic Product
GVA	Gross Value Added
GEWE	Gender Equality and Women Empowerment
WWII	II World War (1939 – 1945)
IDF	Investment Development Fund of Montenegro
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession Instruments
MONSTAT	Statistical Office of Montenegro
MSME	Medium, Small and Micro Enterprises
NGO	Non-governmental Organization
PES	Public Employment Service
RCC	Regional Cooperation Council
SME	Small and Medium Enterprises
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
VET	Vocational Educational Training
WB	World Bank



I Executive summary

The purpose of this study is to provide a review of the state of play in the labour market in Montenegro through gender lenses, considering some of the key gender gaps such as the gender gaps in employment, unemployment and pay, uneven gender participation across sectors and to develop recommendations to reduce such gaps. These recommendations aim at enhancing employment opportunities for women and vulnerable groups, contributing thus to increased, sustainable economic growth and social inclusion.

Legally, **gender equality** was enforced by the adoption of Law on Gender Equality in 2007 and equalization is ensured in all fields of life, including employment, wages and ownership. All kinds of discrimination are prohibited by the Constitution as the major legal act in Montenegro. However, the gender equality index (Monstat, 2019)¹ in Montenegro shows that women in Montenegro are significantly behind the average of the European Union members (EU 28). For Montenegro this index was calculated to be 55.0 against 67.4 for the EU28. This gap was largest for the domains of money (20.7 percentage points) and power (16.8 percentage points).

The **Montenegrin economy**, prior to 2020, achieved steady growth in its Gross Domestic Product (GDP), employment, and wages. As a small open economy, Montenegro is very dependent on trade, tourism and public administration, these characteristics made the impact of the Covid-19 pandemic crisis particularly severe. The main challenges in strengthening competitiveness and ensuring long-term inclusive growth have been recognized by the Government of Montenegro. For the period 2021-2023 the main Government objectives are: (i) increasing labour market activity, (ii) strengthening the regulatory environment and (iii) formalizing the economy. Through 20 planned measures to be implemented, the focus is towards industrial, ICT and green economy developments to create new jobs in these new sectors and industries. These measures are also expected to mitigate key gaps: regional, gender, age, educational and income, and enable balanced growth in terms of industries, regions and gender.

The **labour force** above 15 years of age in Montenegro amounts to around 42% of the total population. The activity rate for total population above 15 years of age amounted to 46.7%: 53.7% among men and 40.3% for women.² Although wage statistics are not structured by gender, there are estimations that women earned only 86.1% of the average men's salary in Montenegro,³ although on average women in employment are better educated than employed men.⁴ There is also an unemployment gender gap, especially among youth in the 15-29 age group. Tourism, trade and public administration employ most of the labour force, with a higher participation of women in these sectors, but these sectors are also



¹ Statistical Office of Montenegro (MONSTAT), Department for Gender Equality of the Ministry for Human and Minority Rights Montenegro, European Institute for Gender Equality (EIGE), United Nations Development Programme (UNDP) in Montenegro, 2019, Gender Equality Index.

Available at: https://www.me.undp.org/content/montenegro/en/home/library/womens_empowerment/GEI2019.html.

² Statistical office of Montenegro, 2021. Monthly statistical reviews.

Available at: http://monstat.org/cg/publikacije_page.php?id=1876.

³ UNDP in Montenegro, 2019, Gender Equality Index Montenegro – 2019,

Available at: https://www.me.undp.org/content/montenegro/en/home/library/womens_empowerment/GEI2019.html

⁴ Foundation for the Advancement of Economies, 2010-2011. Gender Pay Gap in the Western Balkan Countries: Evidence from Serbia, Montenegro and Macedonia. Available at: <https://fren.org.rs/wp-content/uploads/2020/01/Policy-Brief-EN.pdf>.



2 Introduction

Montenegro has continued to progress towards EU accession by opening all chapters of the EU acquis and closing three chapters. Since 2000, Montenegro has improved its macroeconomic and fiscal situation, and unemployment was falling before the Covid-19 pandemic. Since 2011, the economy has been a net creator of formal jobs and the overall labour force participation rate has increased. The Montenegrin economy disproportionately relies on trade and tourism, with most of employees working in these sectors receiving relatively low wages. The economy also has a large public administration sector and substantial external debt.

The large number of long-term unemployed together with the low rate of job creation in the formal sector present one of the key problems for Montenegrin society and as a consequence the incidence of poverty is rising, while a significant number of youth leave the economy.¹⁰ Increased passivity in job-seeking amongst welfare recipients and greater reluctance to accept low paid, formal employment have been identified as additional challenges.

The Covid-19 pandemic caused all the key economic indicators to fall. 2020 was marked with a lockdown and a fall in all economic activities, which resulted in urgent one-off direct financial support for the employed and some other vulnerable groups. 2021 was marked as the recovery period, but the economy faced strong decreases in employment, wages, and increased retail prices. A newly-elected Government was established at the end of 2020 and at the beginning of 2021 it continued the delivery of financial support, along with structural reforms of the economy. The new recovery framework included: raising the minimum wage from EUR 250 to EUR 450, introduction of childcare allowance for all children, improving the business environment with establishment of a Guarantee Fund, continuation of the reform of the PES of Montenegro through digitalization - ITS capacity building, etc.¹¹ The budget for implementation of the proposed measures was adopted in the Montenegrin Assembly as the Law on Budget 2022.

During 2021, the PES was recognized as the key institution for providing support to unemployed, its work was analysed and the need for reforms was recognised. One of the most important results that came out from that analysis was that the number of beneficiaries of various allowances and financial benefits had increased, while the number of beneficiaries of ALMPs and other support programs had actually decreased.¹²

The gender gap in employment since 2018 has averaged 11.2%, while the share of women participants in labour supportive programs decreased in 2020 to 30%, in comparison to 54% in 2019 and 50% in 2018.



¹⁰ Regional Youth Cooperation Office (RYCO), 2020. A better region starts with youth. Available at: <https://www.rycowb.org/?p=8900>.

¹¹ Government of Montenegro, 2021. Reform program for more inclusive and sustainable economic development of Montenegro 'Europe Now!'. Available at: <https://wapi.gov.me/download-preview/0da96f51-771a-4bf0-b6c5-91091805a73e?version=1.0>.

¹² Ministry of Economic Development Montenegro, 2021. Economic Reform Program for Montenegro 2021-2023. Available at: <https://www.gov.me/en/documents/993f6bc7-bace-4ec7-b49a-f58419ec9804>.

The share of women entrepreneurs is increasing and they account for a quarter of all entrepreneurs, whilst the private sector employs around 60% of the total active labour force in the economy.

Women's involvement in budgetary planning, monitoring and distribution remains at a low level, while gender responsible budgeting is in the initial phase only.

In general, the appropriate structures and frameworks to support women in employment have been set and the next step is to implement and enforce the regulations. A basis for optimism is that the recently adopted and enforced strategic papers and programs, as well as those notified for the first quarter of 2022, envision economic recovery and support full inclusion of all society groups. Programs and strategies are mostly related to promoting economic diversification, support for existing companies and job-seekers and development of new sectors.



3 Methodology

This Study is prepared based on a mixed method approach which is used to delve deeper into the labour market in Montenegro, addressing issues from a structural and gender perspective, focusing on the roles and status of women in the Montenegrin labour market. The methods used to complement data collected include qualitative and quantitative methods. An in-depth analysis was carried out to identify issues related to the gender employment, gender pay, and gender care gaps.

3.1 Qualitative methods

Qualitative methods are used to provide a more in-depth analysis of the statistical data analysed in this Study. Several categories of qualitative methods were employed to provide relevant information for the study:

Desk research

The core activity of the desk research is the review of the public data and reports. Thus, desk research of recent publications and economies statistics and documents form the bulk of the data sources that are used in this report. Previous publications have proven crucial in the preparation of a coherent report and the design of a future policy framework. To avoid repetition and duplication, the desk research focused on updating the information presented in previous publications and delve into a deeper analysis of the gender equality issues identified in those reports, in order to come up with concrete recommendations on the factors that determine the current inequalities in the labour market. The qualitative desk research is focused on:

- Collection of statistical data on the labour market and economic indicators from the Institutes of Statistics, Gender Equality Indexes, EU reports, WB reports, UN reports, ILO reports and other international publications.
- Review of policy-level practices in the economy, institutional setting and governance of the sector and labour market policies, assessed through gender-sensitive lenses.
- In depth analysis of the gender equality gaps and challenges identified in the published reviews to provide a more comprehensive analysis of the issues identified and propose policy recommendations.

One on one interviews

In-depth interviews with key stakeholders were undertaken based on a mapping of stakeholders conducted by the research team at the beginning of the research work. The in-depth interviews focused on a better understanding the data collected through desk research and quantitative methods, reform processes and current active policies in the Montenegrin labour market. Interviews with ministries in

charge of implementing economy-level employment strategies helped identified areas of achievements and improvements in their implementation in practice. The interviews had open-ended questions and structured questions.

Below is the list of categories included in the stakeholder mapping.¹³

Group 1 – Government official.

Group 2 – Development Governmental Agency.

Group 3 – Academia and independent expert.

Group 4 – Development partners/CSOs directly related to the employment issues and donors in Montenegro that conduct relevant projects.

Specific interview guides were prepared and followed. These interview guides were adapted to the context and organisational structures operating within the governance framework in Montenegro.

3.2 Quantitative methods

The report employed statistical data and their analysis, from government sources such as the Statistical Office of Montenegro (MONSTAT), Public Employment Service of Montenegro, General Secretary of the Government of Montenegro and the Tax and Custom Administration of Montenegro.

In the case of the Montenegrin economy, there was a wealth of publicly data available. Such data were collected during the desk research period. They were further analysed using statistical instruments to create a clear picture of what these data meant in the light of the gender equality agenda and achieving its goals, with a particular focus on employment.

In addition, recently published studies by the RCC, such as the Gender Equality and Women Empowerment (GEWE) Study of 2021, RCC ESAP Western Balkans alignment with the EU Pillar of Social Rights (EUPSR) of 2021, EU PES reports, reports from EIGE, WB, ILO, IMF and other organizations were used for the literature review. The data analysis was carried out under a gender equality perspective to address the objectives of the Study.

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See Annex 2 for the list of stakeholders in each economy.

3.3 Limitations of the study and research methods

- Lack of certain official and accurate data (e.g. for wages) disaggregated by gender made this study rely on estimates reported in previous analyses.
- The low level of gender-segregated data made publicly available by public institutions is considered a crucial limitation of this study.
- The level of responsiveness, including availability, timeframe and extent of data, has affected the overall disclosure of data in the report and its cut-off date. Key data on employment, active enterprises and economic growth for the Montenegrin economy were not published for 2021. Notwithstanding this, efforts were made to obtain such data, and include developments in the second quarter of 2021.
- The data used for purposes of gender gap analysis were already processed by the Montenegrin National Statistics. Obtaining micro-data for an independent Oaxaca-Blinder decomposition procedure was possible, but not within the timeframe of this report, due to the Microdata Policy employed by the Institute of Statistics.



4 The Montenegro Study Chapters

4.1 State of Play

4.1.1 Social norms in Montenegro

Montenegro has been recognized as a patriarchal society and after the World War II gender equalization started with introduction of socialism as the governing system in society. It took more than 50 years to introduce gender equality as specific legislation. The starting point in achieving gender equality in Montenegro in all aspects is the Law on Gender Equality,¹⁴ adopted in 2007, amended in 2010 and 2015, which prescribes that „gender equality shall mean equal participation of women and men, as well as persons of different gender identities in all spheres of public and private sector, equal position and equal opportunities to exercise all rights and freedoms and use personal knowledge and skills for development of society, as well as realize equal benefits from work achievements.“ This Law actually opened many discussions, and raised many dilemmas within institutions and in the broader society. Some institutions’ representatives and individuals tried to minimize the impact of this Law by giving it little prominence and failing to enforce or comply with the legislation. Still, in a predominantly patriarchal society, such as Montenegro, it can be considered that ensuring space for public discussion of discrimination, harassment, mobbing, etc. were the positive consequences of the Law.

Gender-sensitive legislation is the starting point for the elimination of gender gaps. Although consideration of the potential impacts of policies on the positions of women and men is obligatory, this statutory obligation has frequently been disregarded. This is illustrated in the Labour Law that states (as a result of strong advocacy exerted by employers) that women employed on short-term contracts who take pregnancy-related leave would not have that period counted towards the 36-month term required to obtain an open-ended contract, i.e. permanent employment.

The institutional set-up for gender mainstreaming is weak. Due to limited resources, the Gender Equality Department within the Ministry of Justice, Human and Minority Rights (previously Ministry of Human and Minority Rights) is unable to issue opinions on all proposed legislation. In addition, the Gender Equality Council within the Montenegrin Assembly held only two meetings during its four-year mandate (2016-2020).



¹⁴ “Official Gazette of Republic of Montenegro”, No 046/07, 07/31/2007; “Official Gazette of Montenegro”, No 073/10, 12/10/2010, 040/11, 08/08/2011, 035/15, 07/07/2015.

Inclusion of women in the decision-making process and gender disaggregation of statistics at all levels are limited, which constrain the Government's ability to create, design, implement, enforce and evaluate policies that would lead to reduced gender gaps. The gender gaps are largest in the domains of employment, decision-making, finance and health.¹⁵ There are frequently no detailed gender-disaggregated statistics to serve as the basis for policy adoption and monitoring. For instance, there are no reliable statistics on the adjusted and unadjusted gender pay gaps. The key stages in policy making are not fully implemented, in particular with regard to the interventions following the completion of public consultations.

Enforcement of legislation is weak. The police and the prosecution service are knowledgeable about rules and responsibilities when it comes to gender-based discrimination and labour rights. However, only a few cases lead to prosecution. This would suggest that these institutions lack practical experience in successfully prosecuting offenders. Labour inspectors are aware of violations in the field of various rights, but generally are reluctant to investigate cases of potential gender-based discrimination. The ombudsmen are aware of the legal framework, but have only investigated a limited number of cases of gender-based discrimination.¹⁶

The Union of Free Trade Unions has paid special attention to the vulnerability of women in the labour market. Women generally face difficulties in enforcing their labour rights related to maternity leave. Though women have the right, as a mother, to take unpaid leave until their child is three years old, this right has been difficult to enforce in practice and has led to the hiring processes which discriminate against potential mothers. There are also barriers such as the termination of a fixed-term employment contract, which is not currently covered by the Labour Law.¹⁷ The Labour Law, which came into force in January, 2020 (Article 123) stipulates that the employer can not cancel the contract of employment to an employed woman during the pregnancy and use of the right to maternity and parental leave. Notwithstanding this, it is noted that there are other types of employment contracts such fixed-term employment/service contracts or service contracts which are not covered by the terms of the Labour Law.

Considering participation in politics, women have had a voting right since 1946, but still female participation in politics has to be supported by adoption of quotas (min 30% of representatives in the proposed lists for central-level and local parliaments). A similar situation holds in the decision-making positions in public companies, or institutions of public interest, where in managing boards women account for around 20-30% of the members. In the last decade the situation has significantly improved in educational institutions, particularly in the pre and primary schools' level, where most employees are women and recently most directors of these institutions are women as well. In addition to the education sector, women are also predominant in public, social care and health care sectors. In these sectors there has also been a gradual increase in the proportion of female managers.



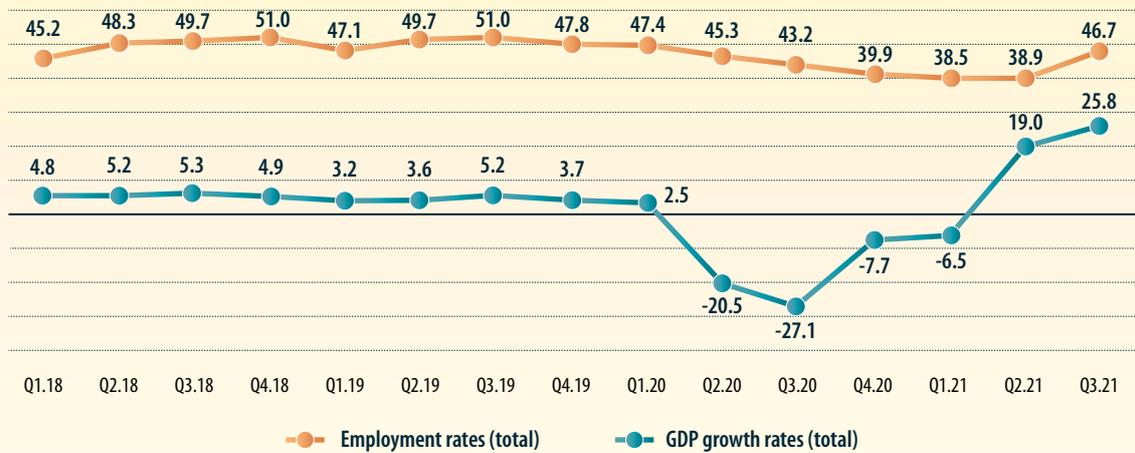
¹⁵ Statistical Office of Montenegro (MONSTAT), Department for Gender Equality of the Ministry for Human and Minority Rights Montenegro, European Institute for Gender Equality (EIGE), United Nations Development Programme (UNDP) in Montenegro, 2019, Gender Equality Index. Available at:

https://www.me.undp.org/content/montenegro/en/home/library/womens_empowerment/GEI2019.html.

¹⁶ Institut Alternative Montenegro, 2021. Gender mainstreaming: Examples from Montenegro. Available at: http://media.institut-alternativa.org/2021/03/Orodnjavanje-a-ne-prebrojavanje_eng-2.pdf.

¹⁷ Center for Investigative Reporting, 2019. The position of women in the labor market in Montenegro. Available at: <http://www.cin-cg.me/wp-content/uploads/2019/11/dodatak-zene-novembar-2019.pdf>.

Figure 1. Quarterly employment rates among population above 15 years of age and quarterly GDP growth rates, %



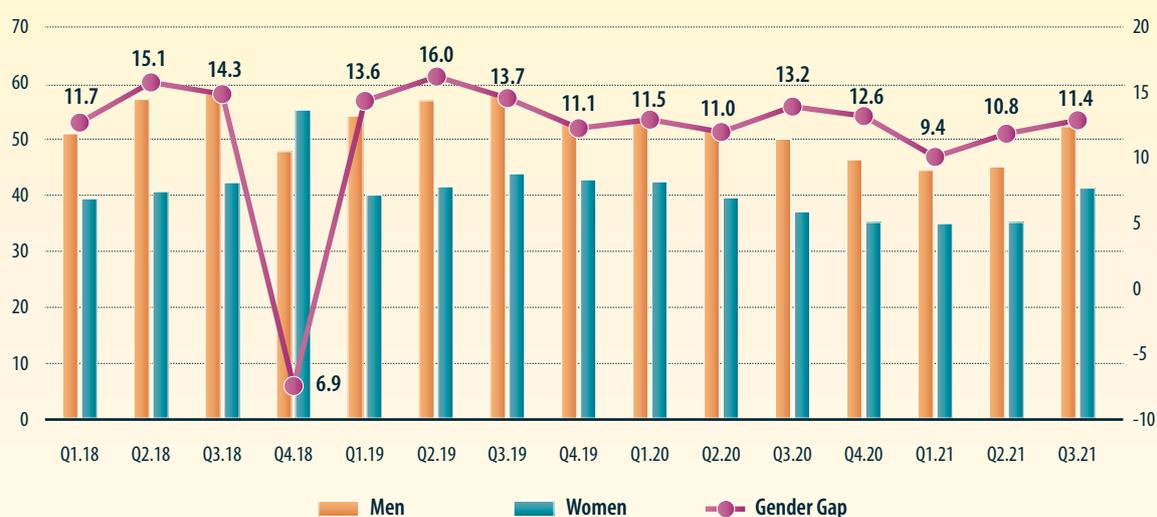
Source: Monstat, Labour Force Survey (LFS), 2021.

Quarterly data shows consistent seasonal changes, with employment typically increasing in the second and third quarters of the year. This is as expected, given the large tourism industry in Montenegro.

The **employment gender gap** was at the highest level in the second quarter of 2019 (Figure 2), which had the second highest level of total employment, while the statistics surprisingly show that the employment gender gap was negative in the 4th quarter of 2018.

In parallel with the employment level increase, the quarterly data shows that the employment gender gap was typically higher in the second and third quarters. The same pattern is recorded in the 2020 and 2021, although labour market was affected by Covid-19 crisis. The average employment gender gap among the population aged 15+ was 11.2% for the period Q1.2018 to Q3.2021.

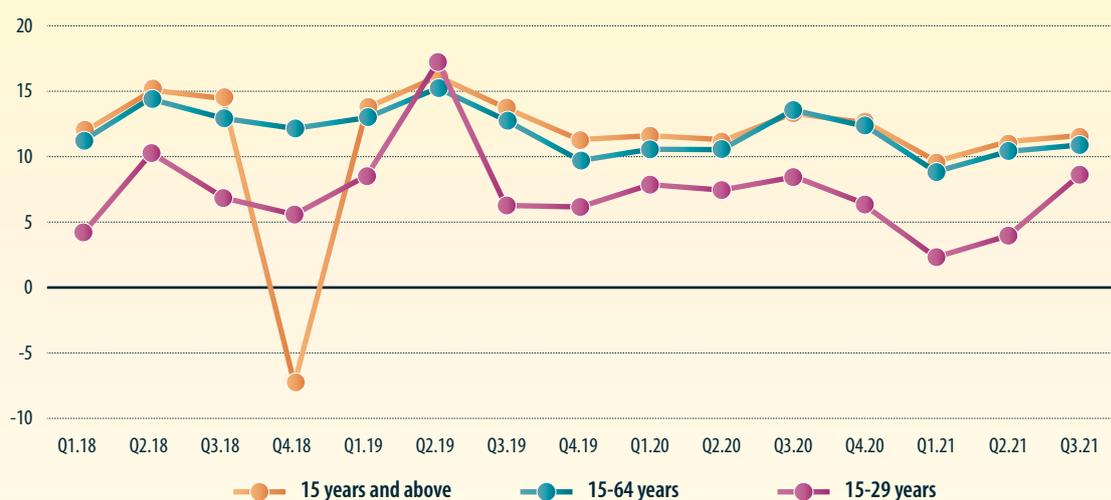
Figure 2. Quarterly employment rates and gender gap among population above 15 years of age, %



Source: Monstat, Labour Force Survey (LFS), 2021.

Analysis of the employment gender gaps over the 2018-2021 period by age groups shows that, the gap increases with age. The lowest gender employment gap is among the youngest population, the average employment gender gap in the 15-29 age group was 7.2%, in comparison to the 11.8% gap among the employed in the 15-64 age group and 11.2% among the employed older than 15 years of age (Figure 3). Neither the season/quarters nor the crisis period significantly affected the employment gender gap by age structure.

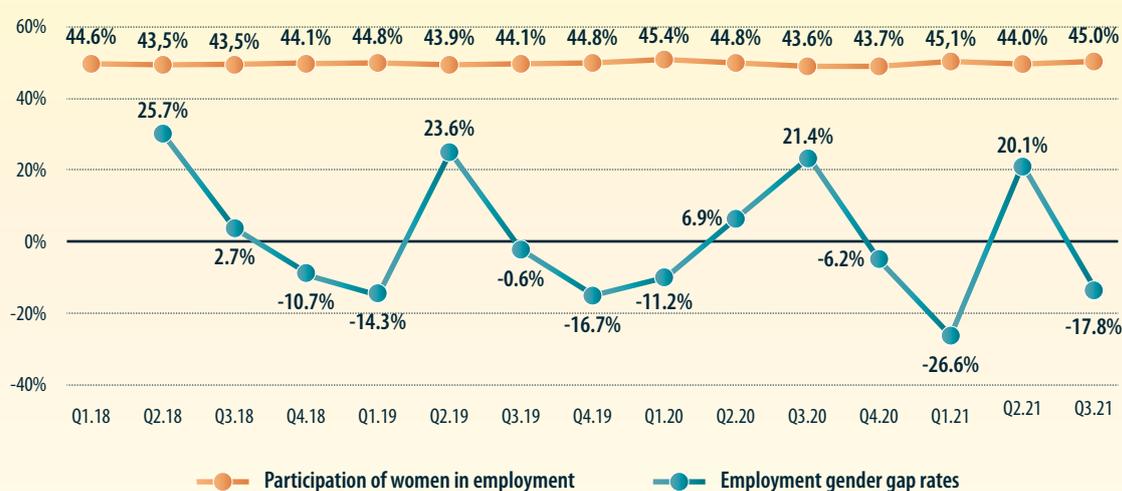
Figure 3. Quarterly employment gender gap by age groups, %



Source: Monstat, Labour Force Survey (LFS), 2021.

The average **participation rate of women in the labour force** (aged 15+) in Montenegro in the period 2018 – 21Q3 amounted to 44.3% and this rate was quite stable, with less than 3% variation (Figure 4). However, the employment gender gap varied significantly, typically growing in the second quarters over the observed years and declining in the first quarters.

Figure 4. Employment gender gap and women's participation rate



Source: Monstat, Labour Force Survey (LFS), 2021.

Women accounted for on average 44.3% of labour force in the period of 2018 – 2021 and the gender gap varied between 9 – 13 % (Figure 5). The lowest gender gap in participation was recorded in the first quarter of 2020 (9.27%), while the highest was in the third quarter of 2018. Gender gaps in participation were typically with highest rates in periods with the lowest employment (1st and 4th quarters), being lower when the employment is highest. This suggests that men are more likely than women to find and keep employment, even temporary or seasonal employment.

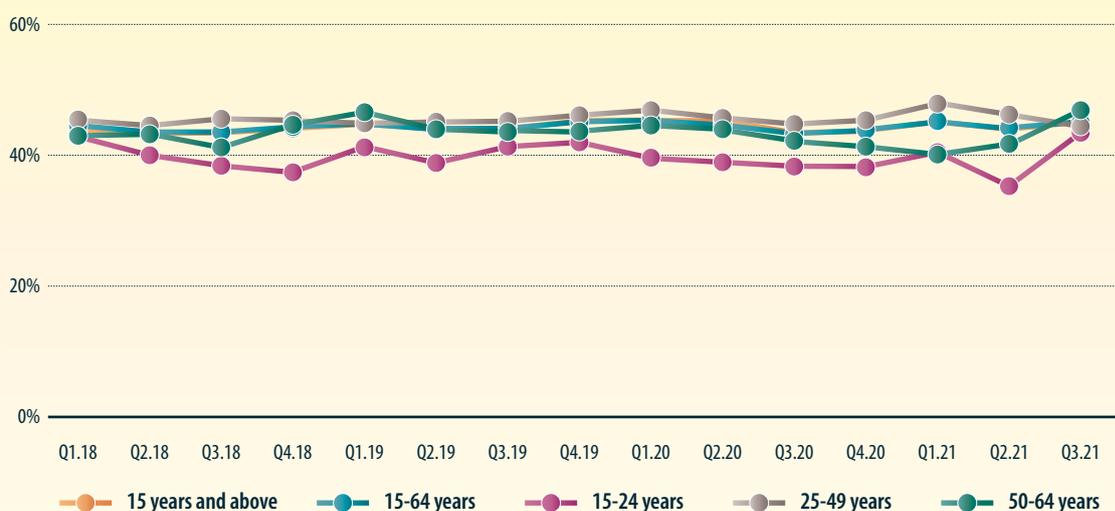
Figure 5. Gender gap in labour force participation



Source: Monstat, Labour Force Survey (LFS), 2021.

The **participation rate of women in the labour force** is similar for all age groups, while the lowest average participation of women (39.8%) is recorded among population in age 15-24, presumably reflecting those in schooling and those on maternity leave. The highest participation rate of women was in the age group of 25-49 in the first quarter of 2021 which reached 47.9%.

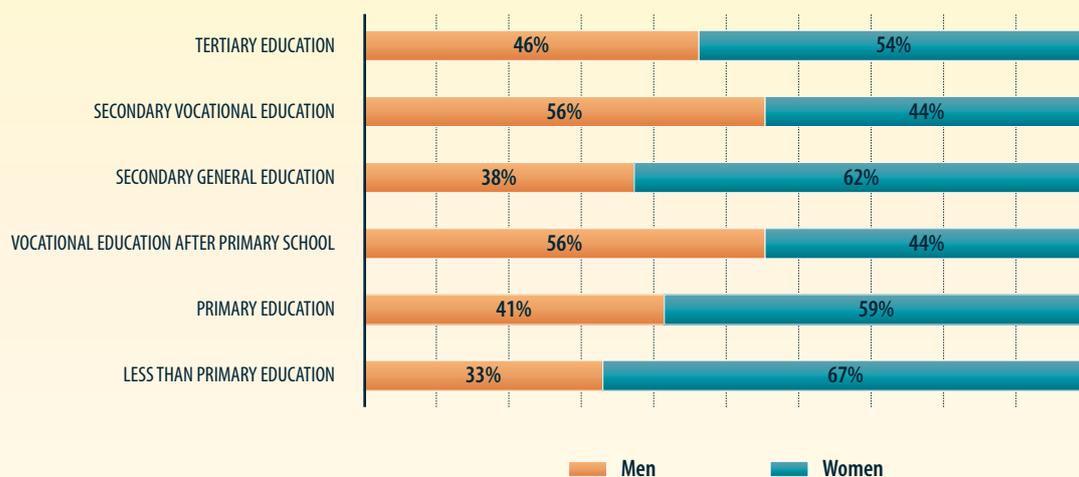
Figure 6. Participation of women in labour force by age groups, %



Source: Monstat, Labour Force Survey (LFS), 2021.

Gender employment gap by education: Although more women than men in Montenegro in age group 15-89 had completed secondary general education and tertiary education (Figure 7), there are also more women than men with less than secondary education completed. However, it should be noted there are only 2.9% of persons in age 15-89 in the third quarter of 2021 that completed less than primary education. A much higher proportion of the population had completed secondary vocational education (36.5%) and tertiary education (21.9%).

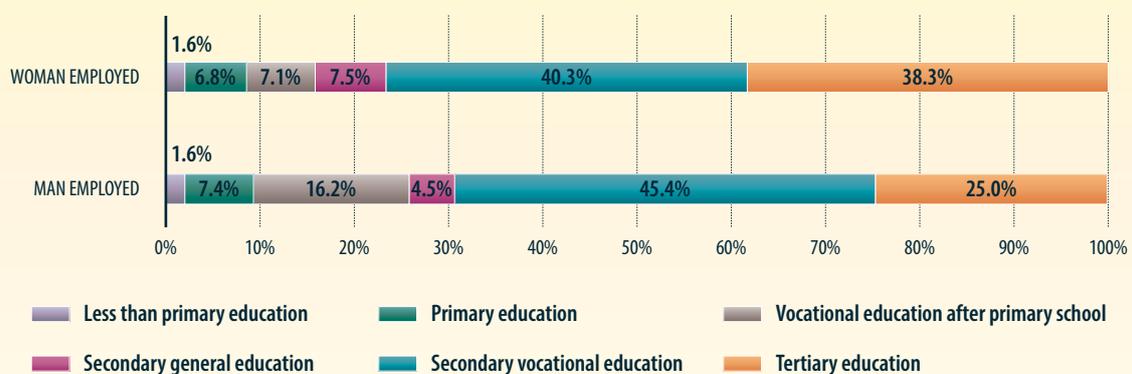
Figure 7. Gender structure by education, 2021Q3, %



Source: Monstat, Labour Force Survey (LFS), 2021.

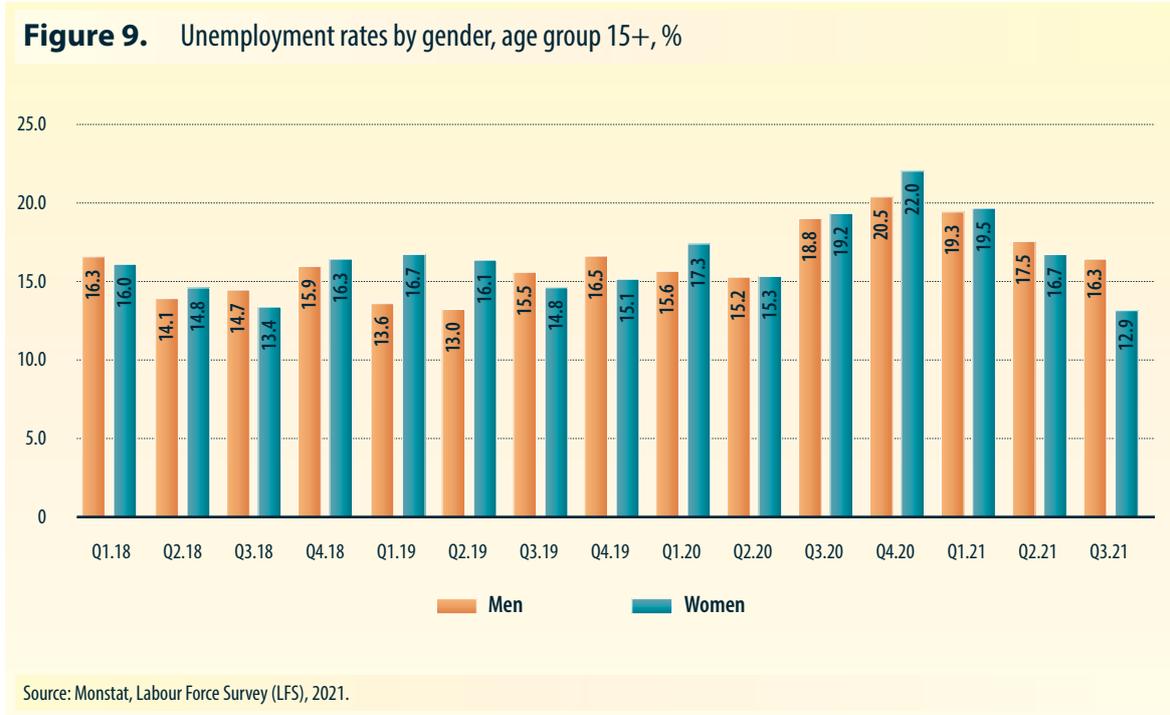
As shown in Figure 8, a higher proportion of employed males had completed secondary vocational education (45.4%) than had females (40.3%). Over two-thirds of employed males had completed vocational schooling compared to less than half of females. However, while 38.3% of employed women had completed tertiary education, only 25.4% of employed men had done so.

Figure 8. Education structure of employed men and women, average 2018-21Q3, %



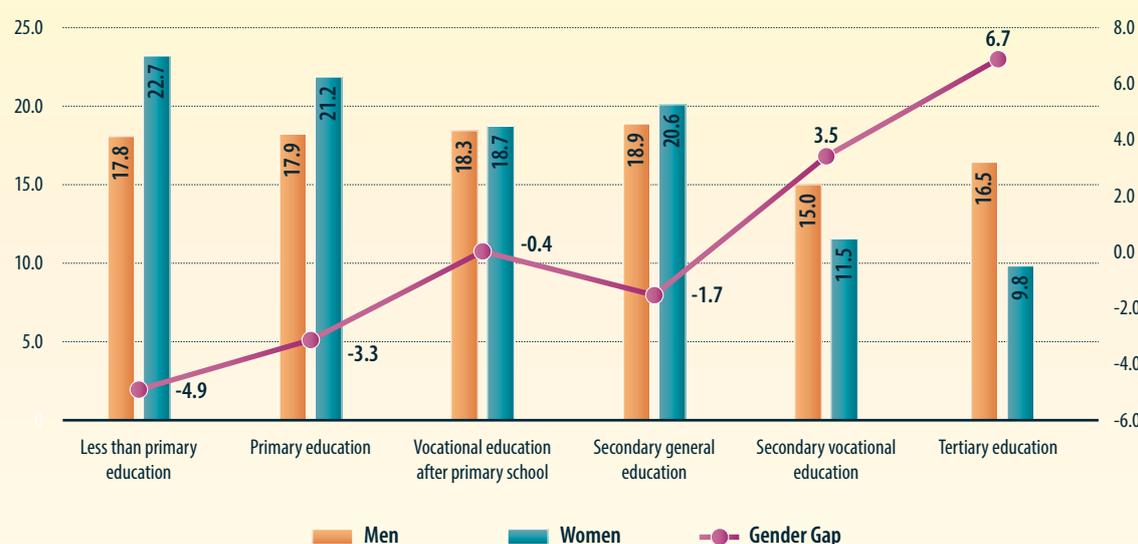
Source: Monstat, Labour Force Survey (LFS), 2021.

Gender gap in unemployment: As illustrated in Figure 9, since 2018 male and female unemployment rates have remained broadly similar over a range of 12.9% to 22.0%. Against the normal seasonal trend, male and female unemployment rates increased in the third and fourth quarters of 2020, only to fall back below the long-term rates in the first three-quarters of 2021. During these last two years, the female rate has been more volatile, but in 2021 it fell significantly below the male unemployment rate.



Unemployment rates do not vary significantly across age groups for both men and women, with the exception of the age group of 15-29 where the unemployment rates are significantly higher than the average for men (28.7%) and women (27.1%). This suggests that those leaving full-time education are having difficulties in transitioning into permanent employment.

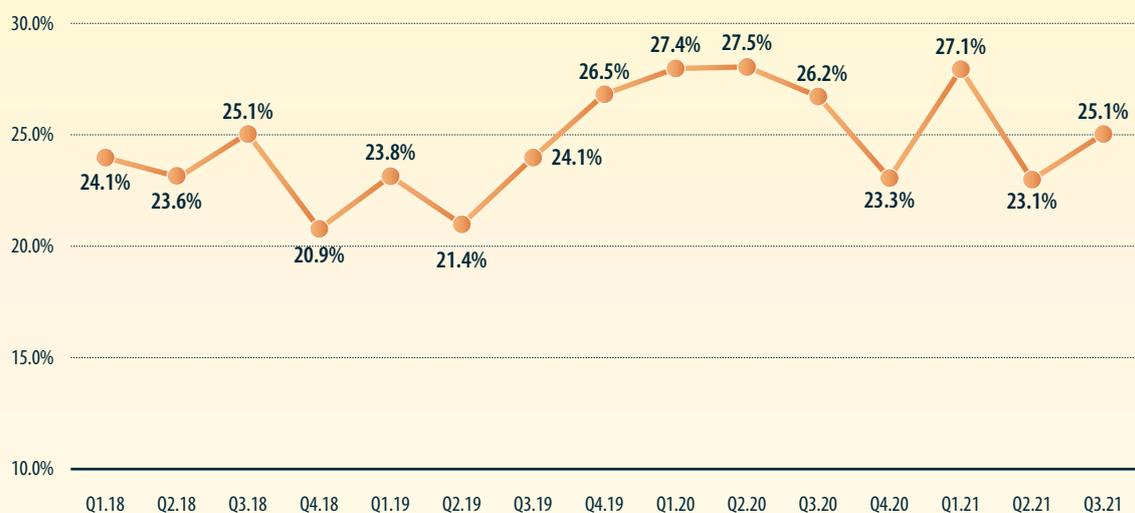
Analysis of the education structure of unemployed men and women shows that 50% of unemployed men and 47.4% of unemployed women completed secondary education. Almost the same percentage of both, unemployed men and women (23.5% and 23.0%, respectively) completed less than secondary education and somewhat more unemployed women completed tertiary education. Comparison with the data presented in Figure 10, suggests that unemployment rates are higher among those with lower levels of completed education. The gender unemployment gap is the smallest for the most highly educated category.

Figure 10. Unemployment rates and gender gap among unemployed, 2021Q3, %

Source: Monstat, Labour Force Survey (LFS), 2021.

As per the **long-term unemployment**, there were slightly more men (10.8%) than women (8.3%) registered as unemployed for over a year in the total active population, in the third quarter of 2021. The long-term unemployment share in the total unemployment is on average very high in Montenegro at around 65.5%, with men's long-term share of total unemployment being slightly higher, 66.2% to 64.7%.

Gender gap among the self-employed: Since 2018 women have accounted for around a quarter of the self-employed in Montenegro. As illustrated in Figure 11, the female share of the self-employed tended to rise during the period of the initial emergence of COVID-19 pandemic.

Figure 11. Self-employed: participation of women

Source: Monstat, Labour Force Survey (LFS), 2021.

4.1.4 Gender gaps in the different sectors

Economic sectors in Gross Value Added: The largest contributors to Montenegrin Gross Value Added (GVA) during the period of 2018-2020 were the wholesale and retail trade and repair of motor vehicles and motorcycles sectors with average contribution of 12.3%, followed by agriculture, forestry and fishing (7.4%), administrative and support service activities (7.2%) and accommodation and catering services (6.6%). On the other side, the trade, transport, accommodation and food service activities had the highest impact on the GDP increase in this period, particularly in second and third quarters of 2021. The three sectors that employed the most men and women on average for the period from 2018 to December 21, 2021 were education (16.97%), wholesale and retail trade, repair of motor vehicles and motor recycles (16.38%) and accommodation and food service activities (13.97%).

Employment by sector, by gender: A majority of employed women are also employed in these three sectors. During the period from 2018 to December 21, 2021, on average 24.03% of employed women were employed in education, 18.38% in wholesale and retail trade, repair of motor vehicles and motor recycles and 13.13% in accommodation and food service activities. The pattern of participation of women across the different sectors of the economy has been fairly constant over the last few years. There is evidence of the segregation of women in certain sectors and occupations. In the non-residential care and social work activities 89% of all employees in 2021 were female (Table I), education (83%), other service activities (76%), human health services and residential care and social work activities (74% in each) and financial and insurance activities (70%). Male employees dominate the following sectors: electricity, gas, steam and air conditioning supply and mining and quarrying, each employed less than 20% of women (18% and 11%, respectively).

Table I. Participation of women in economy sectors, 2018–2021

Economy sectors	Women participation			
	2018	2019	2020	2021
Non-residential care and social work activities	97%	94%	89%	89%
Education	82%	84%	83%	83%
Other service activities	66%	68%	74%	76%
Human health services	75%	75%	71%	74%
Residential care and social work activities	76%	77%	79%	74%
Financial and insurance activities	59%	68%	57%	70%
Activities of extra-territorial organizations and bodies	100%	67%	50%	69%
Wholesale and retail trade, repair of motor vehicles and motor recycles	66%	66%	66%	65%
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0%	33%	67%	60%
Arts, Entertainment and recreation	50%	53%	56%	58%
Real estate activities	45%	46%	45%	55%

Economy sectors	Women participation			
	2018	2019	2020	2021
Public administration and defence, compulsory social security	49%	53%	49%	55%
Accommodation and food service activities	55%	58%	54%	54%
Unknown	52%	57%	62%	54%
Professional, scientific and technical activities	58%	60%	58%	53%
Information and communication	55%	60%	53%	50%
Manufacturing	45%	45%	44%	40%
Administrative and support service activities	45%	48%	46%	39%
Agriculture, forestry and fishing	43%	40%	45%	33%
Transport and storage	30%	33%	27%	29%
Water supply, sewerage, waste management and remediation activities	20%	20%	25%	26%
Construction	25%	24%	17%	23%
Electricity ,Gas, Steam and air conditioning supply	11%	30%	7%	18%
Mining and quarrying	7%	7%	18%	11%

Source: Monstat, Labour Force Survey (LFS), 2021.

Sectoral state of play and development strategies: In recent years, Montenegro has achieved strong economic growth, encouraged by the implementation of major investment projects, the growth of the tourism sector and private consumption. However, the COVID-19 crisis and a continuing need to adjust to global trends and evolving market preferences, showed that further diversification of the economy is needed.

The planned structural reforms are aimed at implementing employment policies, which include improving the development of the current key sectors and those that are focused on new activities in line with global markets and trends: ICT, digital economy, green economy and circular economy. These sectors should generate more jobs, especially for the more highly educated job-seekers.

Skills needs assessment towards higher employment: SMEs/private sector account for around 70% of Montenegrin value added and employ around 60% of total employed persons. Regardless of the relatively high unemployment rate, private companies report a lack of suitable applicants to fill their vacancies. So far attempts to improve the match between the knowledge and skills developed in the education system with the needs of Montenegrin employers have had very limited success. A common explanation for these failures has been the rigid and inflexible educational system inherited from the past. The current provision of vocational education is also very limited in terms of offered programs and the skills developed.

4.1.5 Gender pay gaps, forms of employment

Average wages by sector, by gender: The average monthly net salary in 2IQ3 in Montenegro amounted to 531.67 EUR, while data by gender is not available in official statistics. Average wages vary considerably across sectors (Table 2) and amongst the highest paying sectors only financial and

insurance activities has a high proportion of female employees. It should be mentioned that although 70% of women work in financial and insurance activities, only a few of them hold senior management and decision-making positions.

Women usually are not represented in high decision-making position in companies/institutions/organization with high profit margins or turnovers. Women only hold a significant proportion of senior positions in the educational, health/old/child care services and social services sectors. By matching data on average salary and participation of women by sectors, it is notable that there is a significant participation of women in some well-paid sectors. However, in Montenegrin companies and institutions, women are rarely at the top or mid-management positions which command the highest wages. Additionally, the gender employment gap is also significant in well-paid sectors, such as electricity, gas steam and air conditioning supply and mining and quarrying. These sectors employ 0.42% of employed persons and among them only 0.1% of women, while financial and insurance activities sector employ only 0.5% of all employed and 0.55% of all women.

Table 2. Average salary by economy sector and women participation by sector, 2021Q3

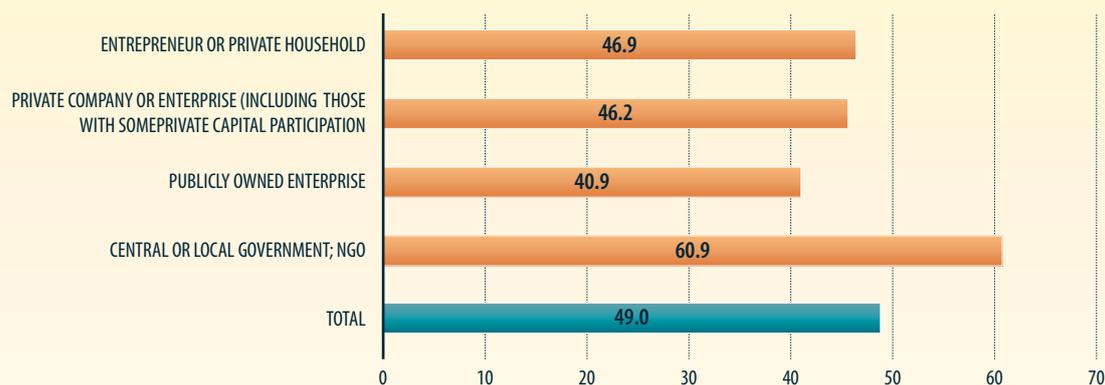
Economy Sector	Average Salary (EUR)	Participation of women (%)
Financial and insurance activities	974.33	70.37
Electricity, gas steam and air conditioning supply	929.67	18.33
Mining and quarrying	714.33	11.11
Information and communication	695.67	50.00
Human health and social work activities	652.67	74.43
Real estate activities	610.67	54.92
Public administration and defence, compulsory social security	603.67	54.81
Education	549.67	83.26
Average	531.67	57.62
Transport and storage	510.00	28.65
Water supply, sewerage, waste management and remediation activities	496.33	25.87
Construction	476.00	23.43
Agriculture, forestry and fishing	463.00	33.33
Other service activities	448.33	75.71
Professional, scientific and technical activities	445.67	53.34
Arts, Entertainment and recreation	426.00	58.45
Accommodations and food service activities	408.67	53.85
Wholesale and retail trade, repair of motor vehicles and motor cycles	398.33	65.23
Manufacturing	386.33	39.79
Administrative and support service activities	357.00	39.20

Source: Monstat, Labour Force Survey (LFS), 2021.

Employed women by the ownership of employer: Public institutions, including central or local government, NGO sector, publicly owned enterprises employ 41.8% of the employed in Montenegro.

A slightly higher proportion of all employed women work in this sector (45.0%) than all employed men (38.7%). The private sector, including private companies or enterprises and entrepreneurs or private households employ 60.9% of all employed men and 54.5% of all employed women. Women's share of total employment is the lowest in the public enterprises where the salaries are among highest in the economy (additional data on share of employed women by the ownership of employer are presented in Figure 12).

Figure 12. Share of employed women by the ownership of employer, 2021Q3



Source: Monstat, Labour Force Survey (LFS), 2021.

Employment status, by gender: Among family workers in Montenegro, a majority were women (54.6%), while only 25% of the self-employed were females in the 3rd quarter of 2021 (Figure 13). These shares have been fairly stable over the period since 2018. Those who are reported as family workers do not necessarily receive a regular wage, or pay obligatory social, health and pension insurance or receive any other benefits from employment.

Figure 13. Share of employed women by employment status, 21Q3



Source: Monstat, Labour Force Survey (LFS), 2021.

Occupations, by gender: Based on the data on women employment by occupations shown in Figure 14, it is evident that there is a significant degree of occupational crowding of female workers in Montenegro. Occupations where women represent a majority of workers include professionals (64%), market, sales, and service workers (54.3%), elementary occupation (50.6%) and associated professionals and technicians (57.3%).

the survey conducted in May 2020 showed that the greatest jobs lost was recorded in the hospitality industry, followed by the construction industry. Salary reduction was most likely in accommodation and food service business, followed by the central or local administration jobs. One-third of all respondents in September 2021 reported that their income fell by 30% or more. Those citizens whose income actually increased account for 13% of the total. Compared to the May 2020 findings, the share of those whose income increased grew from 3% to 13%. Although still almost half of all 2021 respondents expected a lower income, this constitutes an improvement compared to the 60% of respondents who were expecting that a year earlier. This could be taken as early indications of the strong recovery evident in the data for GDP and total employment.³¹

Women predominate in most of sectors significantly affected by the pandemic. About one third of employed women (35%) were on paid leave due to the pandemic in 2020, one in ten was on unpaid leave (6%), while nearly one third worked part-time (29% of employed men compared to 31% of employed women). Paid leave and salary reductions were most prevalent in the transport, tourism and hospitality sectors, while unpaid leave was more common in the manufacturing and construction sectors.

Considering women entrepreneurs and women business owners during the Covid-19 pandemic period, the Montenegrin Employers Federation conducted the research entitled “Impact of Covid-19 on business of women entrepreneurs in Montenegro” at the end of 2020³². The key conclusions drawn are as follows:

- 85% of women entrepreneurs, in the third and fourth quarters of 2020, recorded a decline in income compared to the same period in 2019;
- 38% of women entrepreneurs predict a full recovery of their business, while 34% state that they will have to implement additional cost-cutting measures to enable the recovery of their business;
- 16% of women entrepreneurs envisage temporary closure, and 7% permanent closure of companies they own;
- 39% of respondents estimated that they would need more than a year to recover after the crisis, while 43% of women entrepreneurs stated that this period would range from 6 months to one year;
- 83% of women entrepreneurs do not plan redundancies due to the consequences of the Covid-19 crisis;
- Regarding the Government’s economic measures from the second half of 2020, 37% of respondents said they could have been better, 34% of women entrepreneurs said the measures were inadequate, while 2% said that the Government’s support measures had saved their companies;
- As many as 85% of women entrepreneurs stated that they would need additional economic support measures to maintain their business.



31 United Nations Montenegro, 2020. Report on the Rapid Social Impact Assessment of the COVID-19 outbreak in Montenegro April – June 2020. Available at: <https://montenegro.un.org/sites/default/files/2021-10/Rapid%20Social%20Impact%20Assessment%20of%20the%20COVID-19%20Outbreak%20in%20Montenegro%20-%20September%202021.pdf>.

32 Montenegrin Employers Federation March 2021. Impact of Covid-19 on business of women entrepreneurs in Montenegro. Available at: <http://poslodavci.org/biblioteka/publikacije/istrazivanje-uticaj-covid-19-na-poslovanje-zena-preduzetnica-u-cg>.

The lockdown introduced due to the Covid-19 pandemic also contributed to the sharp increase in the number and severity of cases of domestic violence. The NGO Women's Safe House received 46% more calls in the period from March 16 to June 1, 2020, than in the same period in 2019. During May 2020, the number of victims of gender-based violence to whom the shelter provided accommodation was 60% higher than in the same period previous year. The National SOS Line reported an increase in the number of calls from victims seeking their support by 18%.

4.2.3 Planned further recovery measures

A draft of the Economic Reform Programme for 2021-2023³³ was submitted to the European Commission in the first quarter of 2021. In relation to the impact of Covid-19 pandemic on the economy several challenges were raised: (1) the positive labour market trends that were observed before March 2020, were negatively impacted by the COVID-19 pandemic and the ensuing contraction of economic activity; (2) the most vulnerable groups in the labour market remained women, young people and the low skilled while long-term unemployment continued to be a structural challenge; (3) while female inactivity remained high, an increased participation in early childhood education and care was expected to support their access to employment in the future; (4) despite the numerous, long-term activation programmes in place, these continued to be largely ineffective in activating the working-age population; (5) informality remained an obstacle to improving labour market outcomes; (6) a skills mismatch continued to be a significant challenge, particularly for young people; (7) prior to the COVID-19 pandemic, enrolments in dual VET education³⁴ were rising significantly; (8) participation in lifelong learning had further decreased to 2.5% of the post-15 population in 2019 (down from 3.2% in 2018), less than a quarter of the EU-27 average (10.8%), and there were limited opportunities for re- and up-skilling; (9) social support schemes, including unemployment benefits and social assistance schemes, were in place, but were not effective in protecting the most vulnerable segments of the population or in activating the inactive and unemployed population.

Based on these challenges, several further measures were proposed related to: budget, fiscal policy, structural reforms, investment; private sector strengthening and digitalization. In the context of the Green and Digital transition, the intention is to prioritize investment flagships from the EU Economic Investment Plan for Western Balkans and corresponding project proposals with a view to taking these forward actively and expediently. From these, 1-3 flagships are related to road improvement investments; 4-6 related to energy; 7 is related to waste management towards the circular economy; 8 refers to digitalization; 9 targets increasing the private sectors' competitiveness and the tenth flagship is to introduce youth guarantee.



33 The Economic Reform Programme (ERP) is the main document prepared by the candidate and potential candidates on the annual basis that serves as a background of their macroeconomic dialogue with the European Union (EU).

34 Dual Vocational Education and Training (VET) is a combination of systemic learning in a company with systematic learning in the classroom for adults.

4.2.4 Conclusions and recommendation

Official statistics for 2020 show that:

- GDP decreased by 13%;
- employment decreased by 13.2%;
- unemployment rate increased to 20%;
- tax administrators collected 30% less revenues;
- wages increased by 1.3%, while consumer prices decreased by 0.3%;
- the number of companies and self-employed persons decreased by one quarter (25%).

As for the first three quarters of 2021, the continuing effects of the crises included further decreases in employment, though the gender gaps in employment and wages remained at almost the same level, but the share of employed in public sector continued to grow.

Statistical data are frequently available only for the entire labour force, with limited disaggregation by gender, and there is no or very limited evidence that a gender perspective was taken into consideration when policy decisions were made. Given this, for the Covid-19 crisis only limited assessment could be made about the extent to which women were facing greater difficulties at work and in supporting their families than men.

The implications of policies for the present gender gaps in the labour market should be taken into consideration from onset of the decision-making process and also further during the implementation and monitoring of the measures adopted. Only then will it be possible to implement effective policies to improve the position of women and reduce gender gaps. The first steps in this process need to be to:

- enforce legal regulations that relate to gender equality,
- ensure gender responsive budgeting,
- strengthen support programs in governmental and non-governmental institutions to promote women's equality in the labour market.

4.3 Governance of Employment policy and institutional strengthening

During 2021, the Government of Montenegro continued with the implementation of policies for achieving its set goals and objectives. Increasing aggregate employment is one of the key challenges and all developing policies and institutions are focused on this objective. With that aim, and based on the current situation and institutional structure, the Government created some new bodies, updated old or created new strategic documents. The legislation, policy and institutional framework are examined in this Chapter.

4.3.1 An overview of the governance of employment policy

Employment growth is the focus of almost every institutions' strategic plan as it is among the top priorities in the development agenda. Employment, social and health policies whilst within the competence of several different public administration bodies need to complement each other and together focus on the raising the quality of life of citizens and creating and protecting equal opportunities for all. Together these policies cover different areas related to ensuring inclusive growth, social cohesion and improved health care. Employment, social and health policies need to be closely inter-linked, and their synergy should ensure economic development with a fair distribution of resources and equal opportunities for all.

The institutions with the mandate to implement employment policies identified through adopted legislation and with designated budgets are the following:

Ministry of Finance and Social Welfare is responsible for preparing proposals for the current economic policy of Montenegro and monitoring its implementation, preparation, planning, drafting and execution of the budget. In addition, it also has the responsibility to prepare regulations in the field of social and child protection and pension and disability insurance.

Ministry of Economic Development directs activities at enhancing competitiveness of the economy, the investment environment and cooperation with the business community. The business environment is continuously being improved, facilitating easier conduct of business operations for small and medium-size enterprises and strengthening entrepreneurship. A business-friendly climate is being created, establishing preconditions that will result in the development of modern Montenegrin industries. Strategic planning of tourism development is pursued with the objective of developing a sustainable, green, smart and inclusive all-year-round tourism industry. The previous Ministry of Labour and Social Welfare was transformed into the Directorate for Labour and Employment under the Ministry of Economic Development and continued to undertake employment policies and measures.

Ministry of Education, Science, Culture and Sports is implementing systemic changes, aimed at achieving interdepartmental synergy and improving the workforce through: creating a high-quality education system, accessible to all; investing in science and fostering scientific research; the protection and preservation of cultural goods, as important elements of identity and long-term resources for sustainable development; encouraging the development of sport and the affirmation of sports which are relevant to the promotion of Montenegro at the international level; creation and improvement of youth policy and the development of school, scientific, cultural and sports infrastructure.

Public Employment Service (PES) of Montenegro is a legal entity that has the status of a public fund-holder and performs activities related to employment in accordance with the Law on Mediation in Job Placement and Rights Arising from Unemployment, other regulations and the Statute of the PES.

Human Resources Administration is an independent body of public administration. It was established in 2004, by the Decree on the organization and manner of work of public administration bodies, as a central body for managing employment in public and governmental institutions. The Human Resources Administration has a role to play, inter alia, in supporting public administration reform, guided

improving the business environment, increasing competitiveness and promotion of economic growth through employment growth.

The Directions of Development of Montenegro 2018-2021 envisaged strengthening active labour market policies in the direction of increasing their: effectiveness, focus, scope and areas covered with the target of increasing overall employment, especially among young people, people with disabilities and other vulnerable groups of the population. Improving the position of women in the labour market is mainly provided through special support measures for the development of entrepreneurship and self-employment at the central and local levels. The latter is also recognized as one of the Government's priorities in the field of labour and social welfare, and is further elaborated through an Action Plan on Gender Equality and the Strategy for the Development of Women's Entrepreneurship. It is important to mention that sectoral strategic documents aimed at improving the quality of life of certain specific groups of the population (Roma population, LGBT population, PWD, minority peoples, youths) also include within their specific objectives increasing employability.

The Economic Reform Program 2021-2023 notes the need for additional regulation of the labour market, which is further conditioned by the outbreak of the COVID-19 pandemic. The necessary health measures that have been applied and are still being applied, have affected the functioning of the labour market. Many companies, especially micro, small and medium, were particularly affected by the crisis and require additional measures to be taken by the Government of Montenegro in order to overcome their problems.

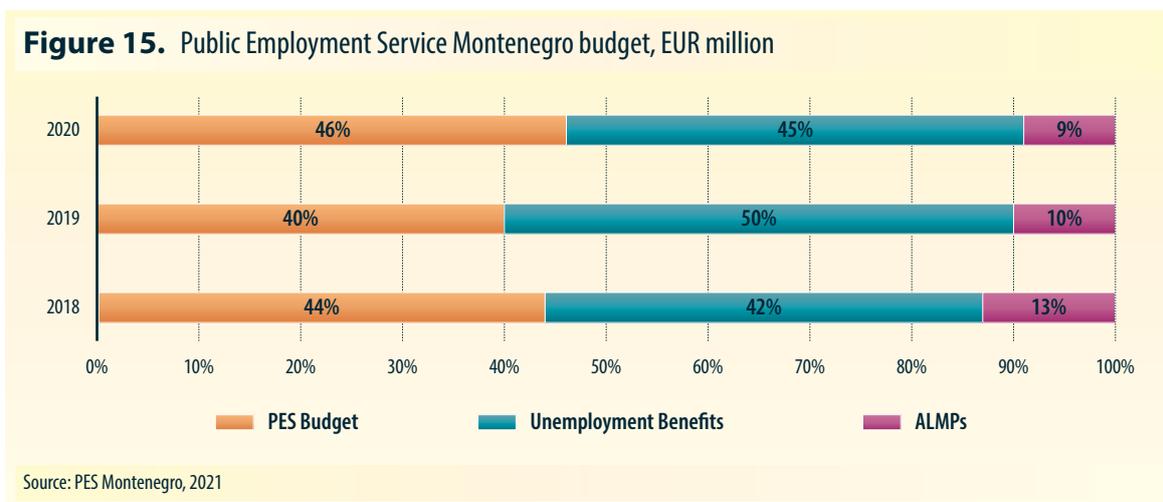
Additional relevant strategic documents include:

- Strategy for the development of micro, small and medium enterprises in Montenegro 2018-2022;
- Lifelong Entrepreneurial Learning Strategy 2020-2024;
- Strategy for the Development of Women's Entrepreneurship of Montenegro 2021-2024;
- Strategy for Social Inclusion of Roma and Egyptians in Montenegro 2021-2025;
- Youth Strategy 2017-2021;
- Strategy for improving the quality of life of LGBTI people in Montenegro for the period 2019-2023;
- Strategy for protection of persons with disabilities from discrimination and promotion of equality for the period 2017-2021;
- Minority Policy Strategy 2019-2023.

Gender-responsive governance and budgeting: In 2020, initial steps towards the introduction of gender-responsive local policies were made and this includes gender-responsive budgeting. The Ministry of Finance and Social Welfare issued an Instruction related to the preparation and assessment of the impact analysis of decisions and other regulations of local self-government bodies, which specifically includes a gender dimension. The "National Strategy on Gender Equality 2021-2025" prescribed coordination, monitoring and evaluation of the performance of gender equality policies and the introduction of gender responsive budgeting in the public financial management system. The governmental bodies charged with implementation have already conducted and organized several training sessions for the relevant public administrators.

The basic functions of the PES Montenegro are as follows: labour market research, mediation in employment; advising and informing employers and the unemployed on employment opportunities; keeping records in the field of employment; securing unemployment insurance rights; organizing the training and education of unemployed persons; providing vocational guidance, information and counselling; preparing analytical, planning and information bases for proposing, implementing and evaluating employment policies; preparation and implementation of active employment policy measures; adapting the information system to changes in the labour market and providing public information; analyses of occupational development and occupation nomenclature; implementation of international employment agreements and cooperation in the field of employment at the international level. These functions are complemented by the performance of many other tasks and interdisciplinary activities; analytical-statistical data processing accounts and financial affairs; legal, personnel and general affairs; publishing activity; maintenance and development of a unified information system and other activities in the field of employment, in accordance with the Law and other regulations.

In 2020, the total PES budget amounted to EUR 39 346 697, which was 0.94% of GDP. Excluding the budget for ALPMs and Unemployment Benefits, the PES budget amounted to EUR 18 283 662 in 2020, which was a 46% of total in 2020. ALPMs' budget (9% share of the total PES budget) decreased in 2019 by 15% and increased in 2020 by 7%, while the budget for unemployment benefits increased by 37% in 2019 and 9% in 2020 and accounted for 45% of the overall budget (Figure 15).



The PES Montenegro currently has 304 employees and they are distributed in 25 offices all over the economy. As per the number of registered unemployed persons in November 2021, each PES employee covers 176 unemployed.

Table 3. Unemployed registered with PES and Statistical Office

	Unemployed registered with PES		Unemployed registered with Statistical Office		Ratio unemployed with PES / unemployed with statistics
	Total no.	Women %	Total no.	Women %	
2014	33284	48.4%	47500	45.5%	70%
2015	34587	48.9%	47200	44.7%	73%
2016	42844	52.1%	48300	43.1%	89%
2017	50509	54.7%	43900	46.9%	115%
2018	43613	58.7%	42500	43.5%	103%
2019	36694	58.2%	43400	46.1%	85%
2020	41612	58.5%	47800	45.6%	87%
X-2021	55241	60.1%	40400	38.4%	137%

Source: Monstat, Labour Force Survey (LFS), 2021Q3; PES Montenegro, Monthly Bulletin, October 2021.

The ratio of female to male registrations with the PES has been increasing in recent years, but in 2021 there appears to have been a major fall in the number of female unemployed who have registered with the Statistical Office. However, the latter fall may reflect seasonal factors and changing administrative and legislative practices. Since 2016, there have been more women registered with PES than male unemployed persons, this gap has typically been increasing since 2016.

Table 4 provides a more detailed breakdown of female registrants with the PES. Women make up a slightly higher proportion of the long-term unemployed and almost two-thirds of the disabled registrants are female.

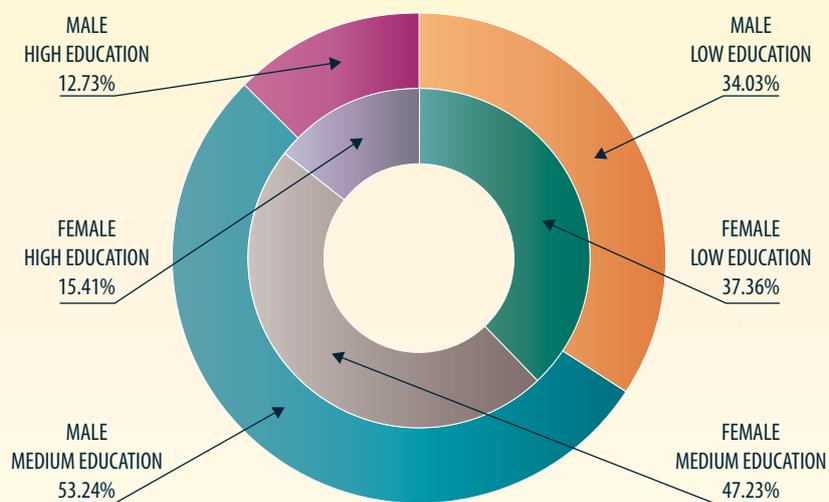
Table 4. Participation of women in the PES registry (%)

% of women in each group	2018	2019	2020	2021
Registered unemployed jobseekers	59%	58%	59%	60%
Unemployment benefits recipients	/	/	/	59%
Social assistance recipients	51%	51%	51%	54%
Duration of unemployment				
0 - 6 months	58%	59%	59%	58%
6 - 12 months	60%	62%	57%	62%
1 - 3 years	64%	64%	61%	61%
over 3 years	43%	50%	58%	59%
Roma	50%	51%	/	55%
Disabled	54%	60%	60%	62%

Source: PES Montenegro, Monthly Bulletin, October 2021.

The gap is highest among those with a low and middle level of completed education, and lowest among jobseekers with high education. Around half of the unemployed men and women registered with the PES have completed a medium level of education, as presented in the Figure 17.

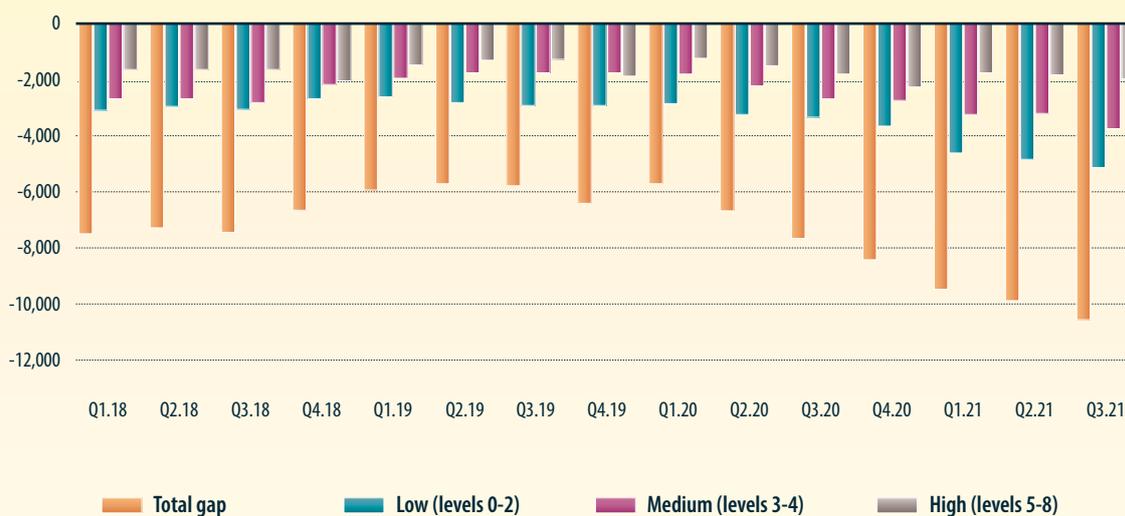
Figure 17. Structure of unemployed men and women registered with PES by education level, in average for a period 2018 - 2021Q3



Source: Monstat, Labour Force Survey (LFS), 21Q3.

When considering the level of completed education of registrants with the PES, there are more registered women than men in each educational category. Over time the tendency has been for this negative gender gap to increase. Currently the highest gender gap is among the unemployed with low level of completed education (-5.1%), while the lowest is among those with highest (-1.8%).

Figure 18. Gender gap among unemployed with PES, in absolute numbers



Source: PES Montenegro, 2021

Box 1. The increased number of PES registrants

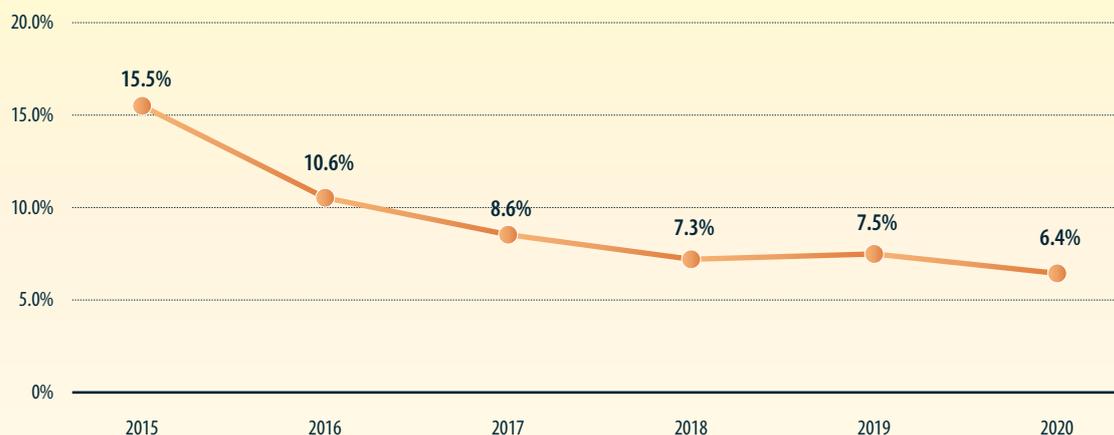
The enforcement of the Law on Social and Child Protection (Official Gazette of Montenegro, No 27/2013, 1/2015, 42/2015 and 47/2015) started as of January 1st 2016. Employed mothers with three or more children, who have 25 or 15 years of work experience, receive a lifetime monthly allowance of 70% of the average net salary in Montenegro, earned in the year preceding the year when the right was exercised. This right included also women who were registered for a scheduled PES meeting on regularly basis (every 2 months). About 22,000 women in Montenegro qualified for these payments at the time of the initial Law enforcement. As a consequence, it appears that many women quit jobs with lower salaries, whilst some pensioners gave up their retirement allowances and started to register with the PES. Additionally, some of them started or continued to work in the informal sector. The Constitutional Court of Montenegro pronounced this Law as unconstitutional, though some of these women continued to receive this allowance for a short while. After less than one year, all of these women were forced to give up this allowance. At the end of 2021, after 'mothers of 3+ children' protested several times, the Assembly announced reinforcement of this Law with revised conditions and this was included in the Montenegrin Budget Law for 2022. As a consequence, there are many women now registering again with the PES. An additional reason for the increased number of unemployed registrations, especially women was the announced increase in the legal minimum wage to EUR 450 in the Law on Budget 2022. With this net wage increase, the gross amount that employers pay is reduced (the new gross wage is not including health insurance). However, many employed previously received a minimum net wage of EUR 250 and it is expected that many of them will be dismissed or continue to work in the grey zone. The increase in the size of the unemployment allowance paid by the PES provided an additional motive for the unemployed to register, some of whom would continue to work in the informal sector. The unemployment allowance is available for all the unemployed who are fulfilling the conditions prescribed by the Law: an unemployed person has to be available for work in response to any EAM invitation or at the time specified for individual consultations, determined by the individual employment plan, and at least once within a period of 45 days entailing personal attendance for the purpose of preparation for work and employment.

SOURCE: PES Montenegro 2021, Official Gazette of Montenegro, No 27/2013, 1/2015, 42/2015 and 47/2015; Government of Montenegro 2021.

The increase in employment in the first quarter and decrease in last quarter of every year is not only due to the tourism season, but also due to the Law on vocational training of persons with acquired high education, which was enforced in 2012. By this Law, persons who graduated from a university without a previous registered work engagement are able to attend probation work for 9 months with an employer who has applied for this program. This program is implemented by the Human Resources Administration and they announce calls for employers and graduated students at the end of the year, so participants start working in the first quarter of the following year. One of the conditions is that applicants are registered as unemployed with PES. However, there is no data on how many students stay at their work placement at the end of the nine months. Based on the increased number of registered young unemployed in the last quarter of the year, it could be concluded that many of them were again unemployed after finishing probation work. This program is financed by the Government in full, with students receiving a very modest wage during that period (EUR 250), while employers' expenses were covered by the scheme.

This represents a significant loss in the PES's share of the vacancies market. Montenegrin employers are increasingly taking the complete process of recruiting of new staff in house or using commercial job-finding agencies. The reasons for this change are unclear, though the PES's share of vacancies has been falling in many economies in the region.

Figure 20. Companies/employers registered with PES

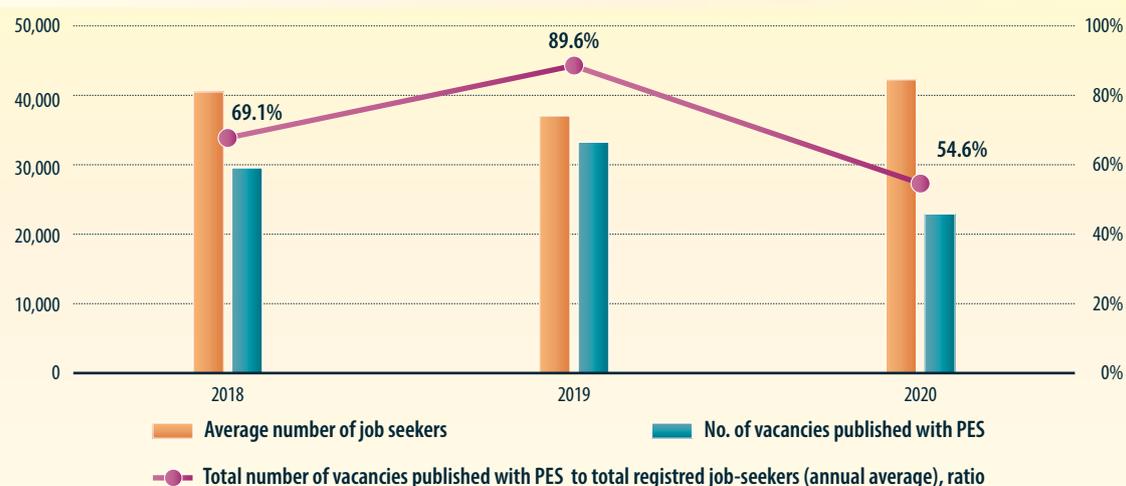


Source: PES Montenegro, 2021

All employers registered with PES publish vacancies, but there is no annual data on whether individual employers published a vacancy or not in a given period. The average annual number of published vacancies per registered employer with PES for a period 2015-2021 amounted to 10.96 and that ratio was highest in 2019. The number of vacancies published by PES started its negative trend in 2016 in comparison to previous year, increased in 2019 and strongly decreased in 2020.

According to PES, most vacancies notified to the PES are related to public works or seasonal jobs and there are the same groups of employers recruiting and the same group of job-seekers applying for these jobs.

In 2018 the total number of vacancies notified to the PES was 69.1% of all registered job-seekers, in 2019 that ratio had risen to 89.6% and with the emergence of COVID-19 it dropped to 54.6% in 2020 (Figure 21).

Figure 21. Number of job-seekers to number of vacancies notified to the PES

Source: PES Montenegro, 2021

4.4.4 Conclusions and recommendations

The role of the PES in Montenegro as a key mediator between job-seekers and employers is very important, as high unemployment is one of the key issues in the economy. Data and trends analysis appear to suggest that the unemployed increasingly perceive this institution as a means of obtaining some current or future social and financial benefits, rather than as an institution that is to assist them in finding a job. Those completing their placement on the graduate work experience program, together with seasonal workers after the tourism season and some of those employed in the informal sector, often register with PES for getting the unemployment allowance, while their registration also provides access to public health insurance. Therefore, the number of registered unemployed with PES usually increases in the last quarter of the year, after the ending of the tourism season and the probation work for university graduated persons.

In the last quarter of 2021, the Government of Montenegro announced an increase which almost doubled the previous legal minimum wage. This may have been a “signal” for employers to dismiss some low-paid but low-productivity workers, as their new gross salary will amount to EUR 563, though the pension and health contributions will be reduced. In order to avoid job loss, some workers on the minimum wage stayed at their original workplace, but became unregistered workers. In addition, the Budget for 2022 envisaged increases in the unemployment allowance for those unemployed registered with the PES. Therefore, significant numbers of persons registered in the last quarter of 2021. Some unemployed perceive the PES as the registry for issuing proof of their status.

On the other side, some employers perceive the PES as a means of finding inexpensive workers, especially for jobs that ‘nobody wants’, ‘one-time’ type of jobs or ‘from-time-to-time’ type of jobs, such as participants on the *Public work and Keep it clean programs*.

In addition to ALMPs, the PES is also offering passive employment measures, such as registration of unemployed and distribution of the unemployment allowances. There is limited evidence of the development of a dynamic employment plan for each beneficiary and its adjustments and updates

Table 5. ALMP–The Public work and Keep it clean: beneficiaries, % of women and budget

	# of beneficiaries	% of women	Budget EUR
2018	1345	59	1 680 966.54
2019	629	59	764 239.01
2020	701	58	804 009.31

Source: PES Montenegro, 2021

The budget for this group of ALMPs is the highest as well as the number of beneficiaries. Although jobs related to construction, cleaning of public areas or some manual, physical, hard work are perceived as 'typical male', it is recorded that more women apply and perform these types of jobs, on average 59% of all beneficiaries.

Training and education

Includes the following programs: Adult education and training; Training for independent work and Employer training.

Description: ALMPs are intended for the unemployed registered with the PES and employees that become redundant because their skills are no longer needed due to technological, economic and restructuring changes. The educational and training programs offered aim to enable participants to increase their employability through the acquisition of additional skills. Some of these programs are also offered to those currently employed to help them retain their employment in face of workplace changes. In Montenegro these programs are organized by the provider of education and training programs or by the employer. The selection of organizers is undertaken through a public call.

Table 6. ALMP–Adult education and training: beneficiaries, % of women and budget

Adult education and training			
	# of beneficiaries	% of women	Budget EUR
2018	1295	53.0	462 793.52
2019	896	50.7	429 335.61
2020	/	/	/

Source: PES Montenegro, 2021

Table 7. ALMP–Training for independent work: beneficiaries, % of women and budget

Training for independent work			
	# of beneficiaries	% of women	Budget EUR
2018	/	/	/
2019	238	46.6	517 964.46
2020	228	16.8	419 842.79

Source: PES Montenegro, 2021

Table 8. ALMP–Employer training: beneficiaries, % of women and budget

Employer training			
	# of beneficiaries	% of women	Budget EUR
2018	/	/	/
2019	239	50.6	263 611.15
2020	250	15.8	269 050.42

Source: PES Montenegro, 2021

As shown above, each of these three programmes (Adult education and training, Training for independent work and Employer training) is of a small size and only Training for Independent work has been in operation in each of the latest three years for which data is available. Slightly more women attended the adult education and training than men, as well as the Employer training in 2019. Only 16.8% of participants in the Training for independent work program were women in 2020 and 15.8% of those participating in Employer training in the same year. It is not clear why there was such a large fall in the proportion of females on the latter two programs in that year.

Simulated employment and entrepreneurship incentive.

Includes the following programs: *Stop the grey economy*, *Innovated program for continuous stimulation of employment and entrepreneurship* and *Empower me and I will succeed*.

Description: Incentives for entrepreneurship include the provision of financial and professional assistance to an unemployed person who establishes an entity in form of economic activity, which results in the founder establishing an employment relationship. Incentives for entrepreneurship also refer to the provision of financial and professional assistance to an employer who creates new jobs and employs unemployed persons.

Table 9. ALMP–Stop the grey economy program, % of women and budget

Stop the grey economy			
	# of beneficiaries	% of women	Budget EUR
2018	180	57.0	552 105.39
2019	190	62.1	666 927.50
2020	210	16.0	591 293.70

Source: PES Montenegro, 2021

Table 10. ALMP–Innovated program for continuous stimulation of employment and entrepreneurship, % of women and budget

Innovated program for continuous stimulation of employment and entrepreneurship			
	# of beneficiaries	% of women	Budget EUR
2018	100	41.0	499 200.00
2019	56	28.6	280 000.00
2020	13	46.0	65 000.00

Source: PES Montenegro, 2021

Table 11. ALMP–Empower and I will succeed, % of women and budget

Empower me and I will succeed			
	# of beneficiaries	% of women	Budget EUR
2018	925	58.0	230 465.90
2019	/	/	/
2020	/	/	/

Source: PES Montenegro, 2021

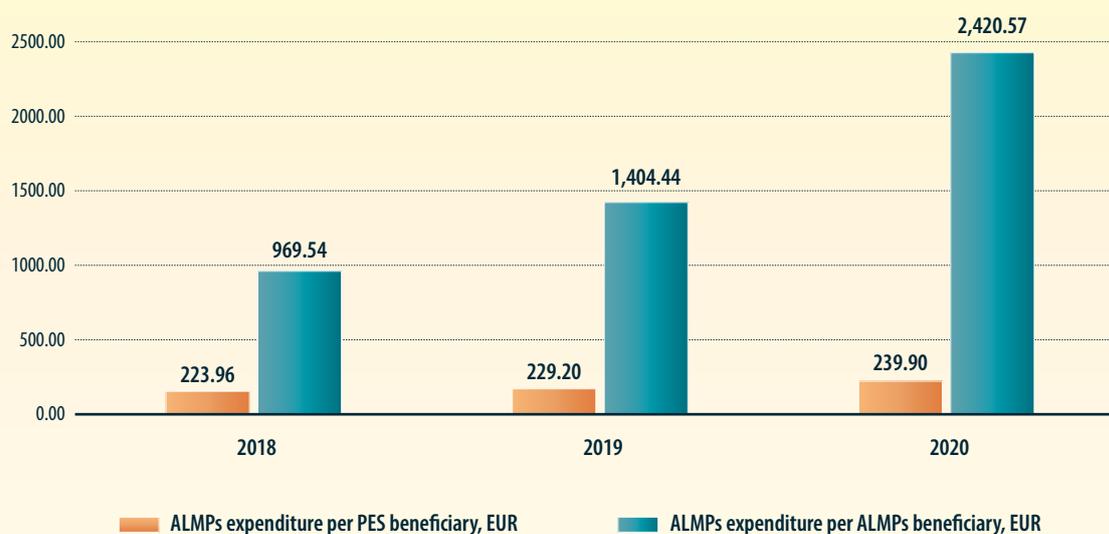
This group of ALMPs related to encourage self-employment received the lowest budget as well as the lowest number of PES beneficiaries and most of them were men in the most recent years.

The program “Empower me and I will succeed” was implemented only in 2018, while the programs “Stop the grey economy” and the “Innovated program for continuous stimulation of employment and entrepreneurship” were in operation throughout the entire observed period 2018 – 2020. It is not clear why the proportion of the participants in the “Stop the grey economy program” who were females declined so dramatically in 2020.

4.5.3 ALMPs beneficiaries

In 2020, only 3.4% of jobseekers registered with the PES participated in an ALMP. In absolute numbers, 1,402 unemployed persons, which represented a decrease on previous year numbers at a time when unemployment was rising rapidly. Having in mind that the number of beneficiaries decreased at a higher rate than the decrease in the ALMP budget, then the cost of each participant increased dramatically over the period 2018-2020 (Figure 22).

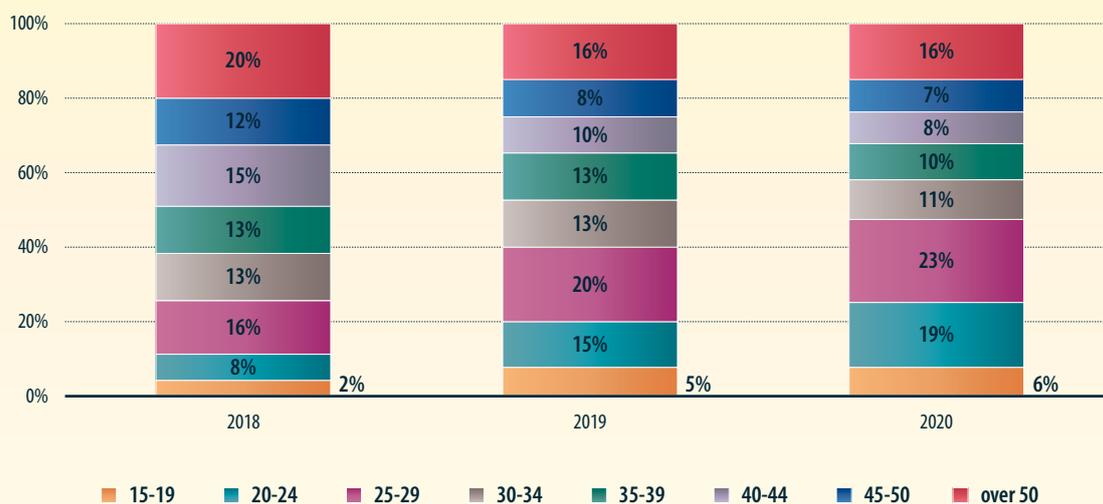
Figure 22. ALMPs Budget per beneficiary, EUR



Source: PES Montenegro, 2021

Regarding the age structure of ALMP beneficiaries, the largest proportion were aged over 50 with around 20% participation in 2018, followed by the 25-29 age group (16%). In 2019, a larger share of participants were in the age groups of 20-24 and 25-29 with 41% of participants (Figure 23).

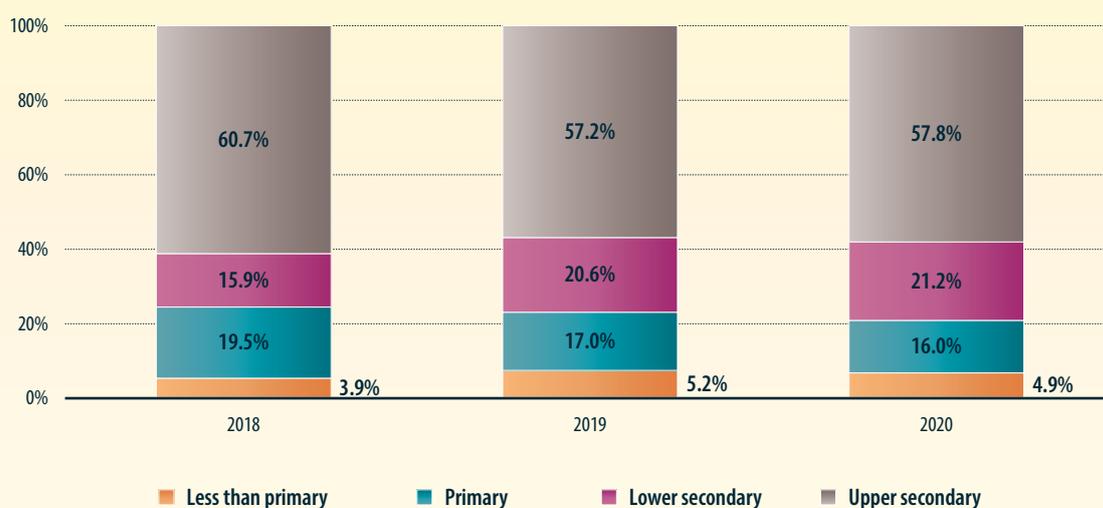
Figure 23. Age structure of ALMP beneficiaries



Source: PES Montenegro, 2021

Regarding the educational background of ALMP beneficiaries, the majority were unemployed who had completed upper secondary education: 56% in 2018.

Figure 24. Education structure of ALMP beneficiaries



Source: PES Montenegro, 2021

The ALMPs in Montenegro have predominantly targeted those recently unemployed. Unemployed registered with PES for less than 6 months accounted for most of those who were selected to participate in ALMPs, their share increased to 98% of participants in 2020. There is no systematic follow-up of those who have completed ALMP, thus no data is available to assess the value for money of the different programs.

4.5.4 Conclusions and recommendations

ALMPs in Montenegro, in addition to reducing unemployment, have also targeted a reduction in the size of the informal economy through self-employment programs and the social inclusion of particularly vulnerable categories of unemployed persons in the labour market. The budget of allocated funds for these purposes, EUR 8.7 million, was provided from EU funds under the Sectoral Operational Program for Employment, Education and Social Policy - SOPEES 2015-2017, IPA II.

There is a relatively small number of ALMP beneficiaries in Montenegro and that number further decreased in 2020. PES representatives stated that a survey of beneficiaries found that although their level of satisfaction with their ALMP was high, participation had not, in general, helped them in finding an appropriate job. Other questions concern the design of programs and if adequate individual employment action plans were prepared prior to participation and amended immediately after completion. Given that the unemployed who attend ALMP (e.g. self-employment program) have to “sacrifice” unemployment benefits, this may contribute to the explanation why such programs are not that attractive to the unemployed. It appears that at present it is very difficult to prevent widespread abuse of the benefit system in Montenegro or reduce significantly the size and distorting effects of the informal economy. However, when the social card is established in Montenegro, it is assumed that such behaviour will become more difficult to sustain.

While policy makers and program designers set indicators regarding the number of potential participants and number of programs, they have to a limited scope monitored outputs/outcomes and hence assesses the effectiveness and value for money of the scale and number of ALMPs. Even during program’s implementation, mid-term monitoring is not regularly planned and post-completion outcomes were not systemically evaluated. The causes and consequences of the dramatic fall in female participation in ALMPs in 2020 have yet to be analysed.

As per the quality of program, the employers’ needs and the labour market trends need to be comprehensively analysed and employers and trade unions’ knowledge and opinions need to be reflected in the programs’ design. The revised decision-making process needs to also ensure that the voice of women is present.

4.6 Women Entrepreneurship

4.6.1 Policy framework

In Montenegro, central and local strategic documents recognize increasing the number and quality of women entrepreneurs as an important contributor to future economic development. This recognition is reflected in cross-sectoral approaches and the improvement of programs designed to support women's entrepreneurship outside the field of MSMEs and gender policy. Strategies and policies therefore are focused on raising the economic empowerment of women as a wider approach and encouraging women's entrepreneurship is one of the key elements towards that goal. Also, international organizations focus some of their activities towards building a favourable business environment and implementing specific support programs for women entrepreneurs.

The key document targeting development of female entrepreneurship is the Strategy for the development of female entrepreneurship in Montenegro. That document's preparation included many relevant institutions and documents related to the economic development and gender equality coordinated and led by the Ministry of Economic Development Montenegro, the Department for Improving Competitiveness and the Sector on Female Entrepreneurship. The first Strategy for the development of female entrepreneurship was related to the period 2015 – 2020 and implementation of its measures and activities has significantly improved women's economic empowerment. However, the further development of women's entrepreneurship requires continuous, systemic support based on synergies between different public policy programs and measures, and meeting the needs of entrepreneurs (present and future) and the cooperation (and gender sensitivity) of a wide range of actors in political, economic and social life.

The new Strategy for the development of female entrepreneurship 2021 – 2024⁴³ objectives are: economic empowerment of women, strengthening the competitiveness of women's entrepreneurship and effective public policy that promotes and supports women's entrepreneurship.

The implementation of the Strategy aims to achieve the following results:

- Increasing the rate of entrepreneurial activity among women;
- Increasing the participation of women entrepreneurs in the total number of companies;
- Increasing the number of women occupying managerial positions in companies;
- Increasing the employment rate of women;
- Increasing the sectoral and market diversification of enterprises owned by women;
- Transformation of micro-enterprises of women entrepreneurs into small and medium enterprises.



⁴³ Ministry of Economic Development Montenegro, 2021. Strategy for the development of female entrepreneurship in Montenegro 2021-2024. Available at: <https://www.gov.me/cyr/dokumenta/0a95b4be-c3f4-4f9b-8c36-964d9684c885>.

The key challenges identified in promoting women's entrepreneurship development are.⁴⁴

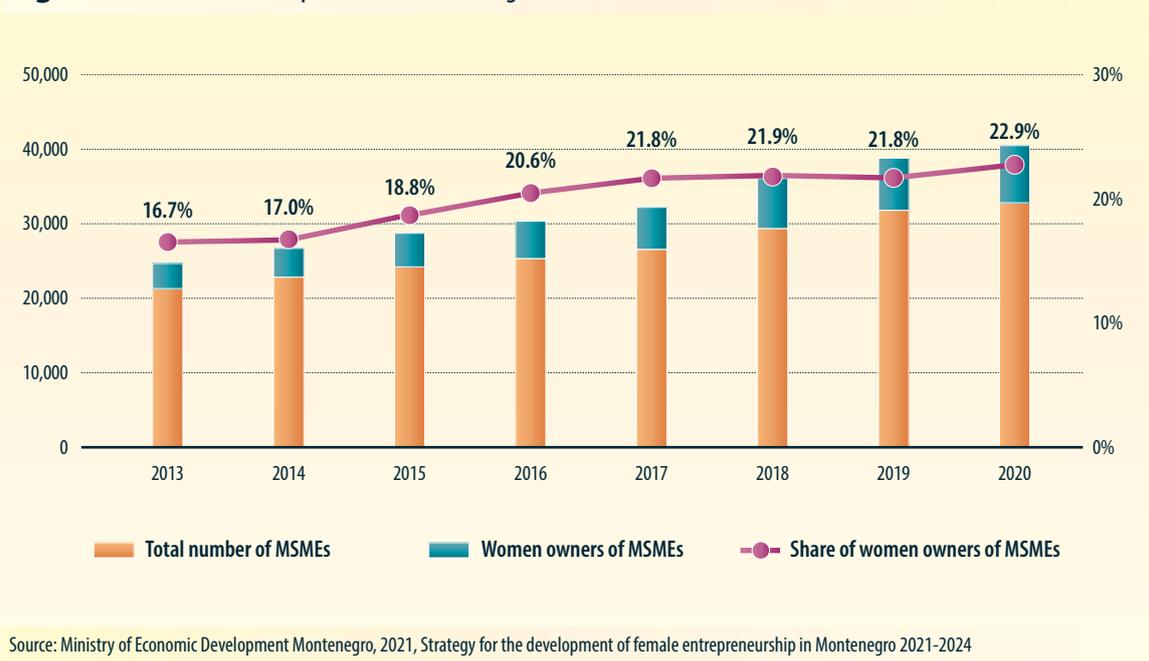
- **Business environment complexity:** lack of systematic, gender-focused analysis of draft laws and existing laws and further improvement of the regulatory framework; complicated administrative procedures and lack of electronic availability of public services and information; unpredictability of legal and tax instruments and specific tax relief for female entrepreneurs;
- **Funding availability:** lack of diversified financial instruments according to the needs of women entrepreneurs (women-owned start-ups and existing women entrepreneurs with growth potential), including the provision of guarantees and collateral, low investment in the development of (internal) capacities of financial institutions and women entrepreneurs in order to improve the development of mutual cooperation;
- **Education and human resources capacities:** lack of adequate programs within formal education and non-formal learning on entrepreneurship, lack of skilled workers according to identified needs of women entrepreneurs and the MSME sector as a whole; insufficiency of business and consulting service for raising the capacity of business, lack of knowledge and skills among women to establish a business in typically male dominated sectors;
- **Insufficient competitiveness of businesses:** the absence of tailored services of non-financial support, business consulting and information provision, in accordance with the needs of women entrepreneurs (business start-up, development and reaching a stable phase of development and export readiness);
- **Networking:** poor connectivity of women entrepreneurs with the knowledge centres and development of innovativeness, the need for new business infrastructures (business centres and incubators), in order to support women in business through the provision of information, counselling, education, consulting, mentoring for business start-up and development, poor networking among businesses and their involvement in clusters, supply and value-added chains.

4.6.2 Statistical overview

The business registry in Montenegro is under the Tax and Customs Administration within the Ministry of Finance. The legal obligation for all business entities is to confirm its registration on annual basis by filling forms, which do not include gender data for entity's ownership or management. Therefore, the Tax and Custom Administration collect data on businesses ownership structured by gender only upon a request of the Ministry of Economic Development, which are further used in the creation of policies, supportive measures and incentives for women in business.

In 2020, 33 157 medium, small and micro enterprises (MSMEs) were recorded in Montenegro, with 22.87% of them being female-owned. It is notable that, regardless of the rising total number of companies registered in Montenegro and the increasing female activity rates, the proportion of MSMEs owned by women has risen in the last five years (Figure 25) only by a very limited extent.

44 Ibid.

Figure 25. Women entrepreneurs in Montenegro

Source: Ministry of Economic Development Montenegro, 2021, Strategy for the development of female entrepreneurship in Montenegro 2021-2024

There is no recent data on women at the managerial level companies, but the publication ‘Women in Management in Montenegro’ cites data from the European Institute for Gender Equality (EIGE) which show that only men were represented (100%) at the position of chairman of the board of listed companies in 2015 in Montenegro. However, by 2017 10% of the leading positions of these bodies were occupied by women, which is 3% more than the EU28 average. Having in mind that there are only few companies listed in the stock exchange in Montenegro and these data refers to those companies, the Montenegrin Employers Federation conducted a comparative analysis of two own surveys, one from 2017 and previous one from 2013. According to those surveys, a negative trend was recorded in participation of women in top management positions: 36.6% in 2017 and 42.4% in 2013.⁴⁵

One of the main business obstacles for women is related to the very low property ownership among women (women own only 4% of all real estate, 8% of land and 14% of holiday homes).⁴⁶ The availability of supportive credit lines for women in business did not help much as one of the conditions for granting credit is possessing some collateral. Also, some cost-sharing support programs require participants to fund a large proportion of the overall costs which prevents some women from participating. Therefore, the announced establishment of a Guarantee Fund is one of the important measures for strengthening female entrepreneurship. A supportive tool to this measure, is the establishment of gender standards for financial institutions by the Competitiveness Council, a process that involved an input from associations of women entrepreneurs among others.

45 Ibid.

46 United Nations Development Programme (UNDP) in Montenegro, Ministry for Human and Minority Rights Montenegro, Austrian Development Agency, 2020. Gender Map. Available at: <https://www.rodnamapa.me/>.



5 Conclusions and recommendations to promote gender equality in the labour market

This report presented an assessment of the participation and role of women in the Montenegrin labour market. With an overall objective of women gaining full economic and financial independence and equal access to economic resources. Women position in the labour market can be considered as the key factor in achieving this objective. The above review of statistical data and socio-economic findings, as well as the summary of the institutional and legislation context, indicated the need for additional government interventions, together with improved monitoring and enforcement and systematic and regular evaluation of policies.

5.1 Conclusions and recommendations for addressing gender gaps in the labour market

5.1.1 Legal and regulatory framework

The employment status of individuals depends on many external and internal factors and it is not just simply a relation between job-seeker and employer. Being one of the main indicators of economy's development, employment also impacts the entire life experience of individuals. Much of the legislation and sub-legislation framework required to promote the empowerment of women exists in Montenegro, but its full implementation, monitoring and enforcement remains challenging. Setting the "rules of play" is only the first stage of achieving an efficient and equitable labour market, the Government needs to also monitor and evaluate the implementation of legislation in order to assess whether the current legislative framework is promoting the desired outcomes.

Despite the legislation in place and institutional efforts to achieve equal position, conditions and outcomes in the labour market for both men and women, it can be asserted that in practise women are at times discriminated in the labour market, especially with respect to pregnancy and motherhood. As the fixed-term contracts enable employers to break or avoid contract extensions, they often prefer to offer this type of contract when hiring women, especially for those who may become mothers in the future. When it comes to entrepreneurship, women are in more of an unequal position, as tradition often prevents them from owning real estate and thus providing the collateral needed to obtain funding necessary for starting their own business. There are also cases of sexual harassment at work. There are few lawsuits in this area and the perceived insensitivity of the judiciary to such behaviour is noticeable, as well as that of other institutions.

Effective regulation requires enforcement, and in addition to the Labour Inspectorate, the Agency for Peaceful Settlement of Labour Disputes has been established to support the implementation of labour legislation. However, there is limited publicly available information as to the capacity and effectiveness of the work of both institutions. The Government has announced plans for strengthening these institutions.

The size of the 'informal' economy in Montenegro indicates that the current system of labour inspections is not fully effective. Therefore, a comprehensive analysis needs to be carried out for the benefit of workers and the entire economy.

The next step that is recommended to be undertaken is related to the introduction of the social card for all citizens.

5.1.2 Governance, functions, and human resources

The PES's programs for job-seekers are not fully designed in accordance to the specific needs of their beneficiaries, nor are they effectively targeting the key skill gaps in Montenegro. It is recommended that the PES enhance collection and analysis of the information required to assess the effectiveness of its placing and training activities and its contribution to promoting gender equality in the labour market.

It is recommended to conduct an in-depth analysis of the PES's capacities and its programs, as well as a needs assessment of the individual unemployed and employers on a regular basis (annually). The results of these analyses need to be presented to educational institutions providing formal and vocational education to enable these to adjust their curriculums to changing labour market conditions. The lower participation of women employment in some sectors needs to be an indication to the PES to develop their specific skills, such as digital, green, language and entrepreneurial skills, and career management skills along with improved co-ordination with educational institutions, which would further promote gender equality in the labour market.

It is recommended that the Statistical Office adjust its services and products to better match the needs of employees, employers and institutions. The data made available should be disaggregated by more categories. Data disaggregated by gender should be available for all statistical categories: employment status (including unpaid work), working hours, wages, company ownership, management in companies, property ownership. The extent of gender inequalities in Montenegro cannot be fully assessed without these data. For example, to analyse the nature of the barriers faced by female entrepreneurs, data on

property ownership and other assets held needs to be considered to evaluate their capacity to borrow. The availability of comprehensive, accurate and timely statistical data is the key prerequisite for effective policy making.

5.1.3 Policies, programmes and budgets

The newly adopted strategic papers targeting economic development included diversification of the economy as one of the top priorities, including sectors such as a digitalization and ICT industry, together with the promotion of both the 'green' economy and circular economy. It is crucial that the current and future labour force get the opportunity to acquire the skills required by these opportunities. These new industries also create an opportunity to promote gender equality in the Montenegrin labour market. The current crowding of female employees into specific occupations and industries, characterised by relatively low pay, is one of the significant reasons for the unfavourable position of women in the Montenegrin labour market. It is important that women gain a fair share of the employment and training opportunities that these new industries will create.

As per the budget preparation and execution, a gender perspective should be considered in all phases, a gender perspective should be applied at all levels.

5.1.4 Entry points for civil society

International and domestic organizations that support employment frequently advocate to the Montenegrin government institutions the inclusion of a gender perspective in every aspect of their activities. The reports of the European Commission and of other external monitoring and evaluation institutions present useful tools.

The Inclusive policy of the Ministry of Economic Development and the Competitiveness Council towards the associations of women entrepreneurs presents a very positive step forwards and it should be an example for promoting the inclusion of other female organizations in decision-making processes in the labour market, e.g. women labour unions. Raising awareness and mobilisation of women in the labour market is crucial for achieving improvements in their status.



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