



EN

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX

**of the Commission Implementing Decision on the financing of the multiannual Operational Programme
“Employment and Social Inclusion” in favour of Montenegro for 2024-2027**

MULTIANNUAL OPERATIONAL PROGRAMME

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and multiannual action plan in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI-Global Europe Regulation

- 1 Programme Synopsis**
 - 1.1 Programme summary table**
 - 1.2 Summary of the programme**
- 2 Sector(s) analysis**
 - 2.1 National sectoral policies and context**
 - 2.2 Legal framework**
 - 2.3 Institutional setting, leadership and capacity**
 - 2.4 Sector(s) and donor coordination**
 - 2.5 Mid-term budgetary perspectives**
 - 2.6 Performance assessment framework**
 - 2.7 Socio-economic analysis (including SWOT analysis)**
- 3 Overall Objective(s) and Specific Objectives(s) of the Operational Programme**
 - 3.1 Coherence with the IPA III Programming Framework and with the specific policy instruments of the enlargement process**
- 4 Operational features of the programme**
 - 4.1 Interaction of the programme with IPA III annual action plans or measures and interventions from other donors/ International Financial Institutions**
 - 4.2 Description of the programme**
 - 4.2.1 Intervention Logic**
 - 4.2.2 Detailed description of each area of support**
 - 4.2.3 Indicative List of major projects per each area of support**
 - 4.3 Mainstreaming**
 - 4.3.1 Environmental Protection, Climate Change and Biodiversity**
 - 4.3.2 Gender equality and empowerment of women and girls**
 - 4.3.3 Human Rights**
 - 4.3.4 Disability**
 - 4.3.5 Democracy**
 - 4.3.6 Conflict sensitivity, peace and resilience**
 - 4.3.7 Disaster Risk Reduction**
 - 4.4 Risks and Assumptions**
- 5 Overview of the consultation process for the preparation of the Operational Programme**
- 6 Implementation arrangements**

- 6.1 Financing Agreement**
- 6.2 Methods of implementation**
- 6.3 Scope of geographical eligibility for procurement and grants**

7 Financial tables by areas of support and by year (including co-financing rates if applicable)

- 8 Performance Measurement**
 - 8.1 Monitoring and Reporting**
 - 8.2 Evaluation**
 - 8.3 Audit and Verifications**

9 Strategic communication and public diplomacy

10 Sustainability

Annex 1: Example of operational areas of support and activities

1. Programme synopsis

1.1 PROGRAMME SUMMARY TABLE

| | |
|---|--|
| Title | Multiannual Operational Programme “Employment and Social Inclusion” in favour of Montenegro for 2024-2027 |
| OPSYS | ACT-62543 |
| ABAC | JAD.1411570 Budget line 15.020201 |
| Basic Act | Financed under the Instrument for Pre-accession Assistance (IPA III) |
| Team Europe | No |
| IPA III beneficiaries | Montenegro |
| Programming document | IPA III Programming Framework |
| PRIORITY AREAS AND SECTOR(S) INFORMATION | |
| Window and thematic priority | Window 4: Competitiveness and Inclusive Growth Thematic priority 1: Education, employment, social protection and inclusion policies, and health (100%) |
| Sustainable Development Goals (SDGs) | Main SDG (1 only): SGD 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Other significant SDGs (up to 9) and where appropriate, targets: SGD 1: End poverty in all its forms everywhere SGD 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all SGD 5: Achieve gender equality and empower all women and girls SGD 10: Reduce inequality within and among countries Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level |
| DAC code(s) | Main DAC code : 160 Other Social Infrastructure & Services Sub-codes : 16010 Social Protection (>6%) 16015 Social services (incl. youth development and women+ children) (> 25%) 16011 Social protection and welfare services policy, planning and administration (>12%) 16020 Employment creation (> 52%) 16070 Labour rights (> 3.0%) 16080 Social dialogue (> 2.0%) |
| Main Delivery Channel | 12000 Recipient Government 12001 – Central Government |

| | | | | |
|--------------------------------|---|--------------------------|------------------------------|----------------------------|
| Targets | <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity | | | |
| Markers (from DAC form) | General policy objective | Not targeted | Significant objective | Principal objective |
| | Participation development/good governance | <input type="checkbox"/> | <input type="checkbox"/> | x |
| | Aid to environment | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Gender equality and women's and girl's empowerment | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | Reproductive, maternal, new-born and child health | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Disaster Risk Reduction | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Inclusion of persons with Disabilities | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | Nutrition | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Principal objective |
| | Biological diversity | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation | x | <input type="checkbox"/> | <input type="checkbox"/> |

| Internal markers and Tags | Policy objectives | Not targeted | Significant objective | Principal objective |
|---|---|--------------------------|------------------------------|----------------------------|
| | Digitalisation | <input type="checkbox"/> | <input type="checkbox"/> | x |
| | Tags | YES | | NO |
| | digital connectivity | <input type="checkbox"/> | | x |
| | digital governance | x | | <input type="checkbox"/> |
| | digital entrepreneurship | <input type="checkbox"/> | | x |
| | digital skills/literacy | x | | <input type="checkbox"/> |
| | digital services | x | | <input type="checkbox"/> |
| | Connectivity | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Tags | YES | | NO |
| | digital connectivity | <input type="checkbox"/> | | x |
| | energy | <input type="checkbox"/> | | x |
| | transport | <input type="checkbox"/> | | x |
| | health | <input type="checkbox"/> | | x |
| | education and research | <input type="checkbox"/> | | x |
| | Migration | x | <input type="checkbox"/> | <input type="checkbox"/> |
| | Reduction of Inequalities | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | COVID-19 | x | <input type="checkbox"/> | <input type="checkbox"/> |
| BUDGET INFORMATION | | | | |
| Amounts concerned | <p>Budget line: 15.020201</p> <p>Total estimated cost for 2024 to 2027 EUR 31 647 066</p> <p>Total amount of EU budget contribution for 2024 to 2027 EUR 26 900 000</p> <p>The contribution from the general budget of the European Union is split per year as follows:</p> <p>For 2024 - EUR 1 500 000</p> <p>For 2025 - EUR 6 800 000</p> <p>For 2026 - EUR 8 600 000</p> <p>For 2027 – EUR 10 000 000</p> <p>The contribution from the general budget of the European Union for the subsequent years is subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p> | | | |
| MANAGEMENT AND IMPLEMENTATION | | | | |
| Implementation modalities (management mode and delivery methods) | Indirect management with Montenegro | | | |
| Relevant priorities and flagships from | Priorities: “Human Capital Development” | | | |

| | |
|--|--|
| Economic and Investment Plan for the Western Balkans [only for the Western Balkans] | Flagships: “X Youth Guarantee” |
| Final Date for conclusion of Financing Agreement | At the latest by 31 December 2025 |
| Decommitment deadline for each budgetary commitment | Budgetary commitment 2024: by 31/12/2029 Budgetary commitment 2025: by 31/12/2030 Budgetary commitment 2026: by 31/12/2031 Budgetary commitment 2027: by 31/12/2032 |
| Indicative eligibility period | 31/12/2032 |
| Final date for implementing the Financing Agreement | 12 years following the conclusion of the Financing Agreement |

1.2 Summary of the programme

The Operational Programme for the Employment and Social Policy sector defines key priorities for effective use of the IPA III funds for the period 2024-2027. The Operational Programme is fully coherent with the objectives under the IPA III Programming Framework, Window 4 – Competitiveness and Inclusive Growth, Thematic Priority 1: Education, employment, social protection and inclusion policies, and health.

The focus of the programme investments is to strengthen the society in particular by achieving a higher level of employment and activity, with a special focus on youth and other vulnerable groups of persons, strengthening the workforce skills. Other parts of the programme focus on enhancing the system for quality and accessible social services, in particular community based services for children and elderly. In its content the Programme strongly contributes to the fulfilment of the principles of the European Pillar of Social Rights.

The available resources for the operational programme, in light of the significant support required in this sector, may have a limited impact on the key indicators of the Social Scoreboard, particularly in areas such as equal opportunities, fair working conditions, and social protection and inclusion. However, these resources will play a valuable role in supporting further negotiations with the EU and aligning with the existing policy recommendations of the Council in the field of employment and social inclusion.

The strategic framework of the programme is based on Montenegro’s Economic Reform Programme 2023-2025, the National Employment Strategy 2021-2025 and the Strategy for Development of the Social and Child Protection System for the period 2023-2027, that is still in the drafting phase, as well as several additional sub-strategies. The national sectoral strategies address the EU enlargement policy requirements, especially the Western Balkans Strategy and the Economic and Investment Plan for Western Balkan.

To address the policy challenges, an important priority for Montenegro is investing in upskilling and reskilling to be in line with the labour market demand, boosting employment opportunities, with a focus on youth and vulnerable groups, ensuring availability and accessibility of community based social services as well as combating discrimination by respecting the principles of the EU Charter of Fundamental Rights (and in particular its Articles 31 and 32), the UN Convention on the Rights of Persons with Disabilities and the Council of Europe

Convention on preventing and combating violence against women and domestic violence. Planned investments are directly linked to the three headline targets of the Action Plan of the European Pillar of Social Rights (increasing the level of employment rates in the population between 20 and 65 years, increasing the participation of all adults in lifelong learning and reduction of number of persons at risk of poverty and/or social exclusion). Investments from this Programme also contribute to the UN Sustainable Development Goals 2030.

This Operational programme is designed to promote social rights and employment opportunities of vulnerable groups in Montenegro. (*Overall Objective*). It is expected to lead to more people, including from vulnerable groups, in training or employment in quality jobs that offer decent pay and work-life balance. Moreover, more vulnerable people in society, including children, will be able to benefit from a wider range of quality social services.

Changes generated by the programme in three areas of support will jointly contribute to the above-mentioned expected impact.

In the area of the Inclusive Labour Market (AoS 1), it is expected that the programme will lead to improved employment, access to employment and activation measures for all jobseekers, especially youth and vulnerable groups.

In the area of Social Inclusion and Protection (AoS 2), it is expected that the programme will directly lead to improved access of quality social services provided to vulnerable groups (children and young people without parental care, including Roma children, persons with disabilities, addicts, gender-based violence and domestic violence victims etc.).

In the area of Administrative Capacity Support (AoS 3) the programme aims to ensure increased country's readiness under the relevant acquis chapters in accession negotiations.

The Operational programme has been prepared by the Ministry of Labour and Social Welfare (MLSW) in consultation with all relevant agencies and institutions including the social partners and NGOs specified in the section 5. Active participation of all stakeholders ensures ownership of the programme as it is an inevitable condition for a successful implementation phase.

This operational programme will be implemented under indirect management with Montenegro. The Managing authority responsible for the execution of the programme is the Ministry of Labour and Social Welfare, Directorate for EU funds and international cooperation.

2. Sector(s) analysis

2.1 National sectoral policies and context

In line with the commitment to the enlargement process, the proposed interventions within the OP are aligned with the priorities in the country's IPA III Strategic Response.

The OP is fully coherent with the IPA III objectives under the IPA III Programming Framework, Window 4, Thematic Priority 1: Education, employment, social protection, inclusion policies and health, that aim to strengthen economic and social development, including through education, innovation, social inclusion and employment policies. Gender equality, reduction of inequalities and enhancing of social cohesion need to be considered.

More specifically the OP will contribute to the specific objective of IPA III to foster quality employment and access to the labour market, reducing the informal employment as well as promoting equality and non-discrimination, social protection and inclusion and combating poverty.

Montenegro is the smallest of the Western Balkan countries in terms of area and population, with a total of 627,082 inhabitants in 2022¹, out of which 67.6% living in urban areas.

Aging and migration (low birth rate and migration of young generations) lead to aging and greater dependency, and a decreasing labour force. As all Western Balkan countries, Montenegro is facing aging population and the projections of MONSTAT emphasize the following significant features and trends until 2060²:

1. Population aging will be one of the most important characteristics of demographic development of Montenegro, which, in the end of the projection period, will be demographically older than fifty years earlier. Such trends will be present in all regions of Montenegro, so inhabitants of all regions as well as of the entire state will be in the stage of profound demographic oldness. The share of persons younger than 15 in entire population of Montenegro in 2060 will be lower than in 2011.
2. The dependency index will grow. In zero migration balance variant, this index will significantly grow, from 0.47 in 2011 to 0.75 in 2060.
3. The share of the northern region in the entire population of Montenegro will continue to decrease, while the participation of the central and coastal region will continue to grow.

Montenegro also faces both **internal and external migration flows**. People move primarily from the poorer north to the coast, as well as from rural to urban areas in Montenegro, causing depopulation in the northern municipalities. MONSTAT data shows that 6000 people annually have been changing their place of residence within Montenegro. In 2022, positive net migration was recorded in ten municipalities, with Podgorica being the primary destination, followed by Šavnik, Budva, Danilovgrad, Tivat, Bar and Ulcinj³. It is also estimated that close to one third of the resident population lives outside the Western Balkans (WB) region. Outward migration to the European Economic Area and Switzerland tripled in the last decade.⁴ **Migration trends are particularly common among youth.** The loss of qualified workers and the shortage of skills has the potential to adversely affect competitiveness and growth and may lead to increasing difficulties in securing social protection for the aging population. As shown in the Demography Policy Paper for Montenegro, investing in policies to strengthen human capital will benefit Montenegro in adapting to demographic shifts and assist the country on its future development priorities and seek to ensure that skilled persons will remain in Montenegro.

The Montenegrin economy has grown substantially in the recent past, resulting in an increase in the demand for a workforce with new competencies. The country's comparative advantage is built on its geographical location, climate, and landscape. The small and open economy is service-oriented and largely **focused on tourism** as the principal source of income. Services account for nearly 80% of all exports, while foreign tourists directly generate over 20% of the country's GDP. SMEs make up to 99% of the Montenegrin economy. Their contribution and participation in the global value chain and export orientation to high value activities however remain limited. The largest number of employees work in service activities (more than three-quarters of the total number of employees, among which the trade sector is the most important), while close to a fifth is employed in the industry and construction sectors, and less than 5% in agriculture.

Indicators of the **social scoreboard**, *designed to monitor the implementation of the European Pillar of Social Rights*, reveal that **progress remained relatively weak in comparison to the EU-27 average**.

In the period 2014-2019, the **situation on the labour market significantly improved** in most of the key labour market indicators. The average employment rate and that for women increased, while the unemployment rate of population aged 15-64 and the youth unemployment rate have both decreased. Even the rate of persons at risk of poverty has slightly decreased. Due to substantial economic growth, the unemployment rate significantly decreased in 2022 compared to 2021 and 2020, but **structural deficiencies in the labour market**, including

¹ Source: Montenegro Statistical Office - MONSTAT

² Source: National Strategy for Sustainable Development until 2030

³ Internal migration in Montenegro MONSTAT 2022:

⁴ Source: OECD, 2021

persistently low rates of labour market activity and high unemployment, especially among women, young people, vulnerable and low-skilled people, **continue to undermine a just and fair economic growth**. Also, **the regional disparities** as regards activity/inactivity, employment and unemployment are still high, with the Northern region being in the worst position in this respect.

Furthermore, **Montenegro's active labour market policies are not effective** in activating people on the labour market and the need for establishing a mechanism for continuous monitoring of active labour market measures carried out by the Employment Agency of Montenegro (EAM) remains.⁵

Tables below show values of main labour and social policy indicators in comparison to the EU-27 Average.

| Indicator | | 2022 Montenegro | 2022 Coastal region | 2022 Central region | 2022 Northern region | EU-27 Average (2022) |
|---|--------|--------------------|---------------------------|---------------------------|----------------------------|----------------------------|
| Employment rate (% aged 15-64) | Total | 50.3 | 60.2 | 57.3 | 30.5 | 69.8 |
| | Male | 55.2 | 66.9 | 61.8 | 35.5 | |
| | Female | 45.4 | 53.9 | 53.0 | 25.5 | |
| Unemployment rate (% aged 15+) | Total | 14.7 | 3.6 | (11.6) | 34.1 | 6.2 |
| | Male | 16.2 | 1.8 | (13.6) | 35.8 | |
| | Female | 12.8 | 5.6 | (9.3) | 31.6 | |
| At-risk-of-poverty rate (all transfers are included in income) | Total | 20.3 | 9.8 | 14.8 | 37.6 | 16.5 |
| | Male | 20.0 | / | / | / | |
| | Female | 20.6 | / | / | / | |
| At-risk-of-poverty or social exclusion rate (AROPE) (% of population) | Total | 34.1 | / | / | / | 21.6 |
| Children at risk of poverty or social exclusion (% 0-17 years old) | Total | 40.4 | / | / | / | 24.7 |

| Indicator | 2022 TOTAL | 2022 MALE | 2022 FEMALE | EU-27 Average (2022 ⁶) |
|--------------------------------------|---------------|--------------|----------------|--|
| Employment rate (% aged 20-64) | 62.5 | 66.9 | 58.2 | 74.6 |
| Youth employment rate (% aged 15-24) | 27.4 | 29.7 | 24.8 | 34.7 |

⁵ European Commission, Montenegro 2022 Report

⁶ https://ec.europa.eu/eurostat/databrowser/explore/all/tb_eu?lang=en&subtheme=es.tesem&display=list&sort=category&extraActionId=tesem150

| | | | | |
|---|------|------|------|------|
| Activity rate (% aged 20-64) | 73.3 | 79.7 | 66.8 | 79.4 |
| Youth activity rate (% aged 15-24) | 38.7 | 45.0 | 31.9 | 40.7 |
| Unemployment rate (% aged 15+) | 14.7 | 16.2 | 12.8 | 6.2 |
| Youth unemployment rate (% aged 15-24) | 29.4 | 34.1 | 22.3 | 14.5 |
| Long term unemployment rate (% aged 15+) | 10.2 | 11.7 | 8.4 | 2.4 |
| Not in employment/education/training (NEETs) aged 15-29 | 23.2 | 24.6 | 21.7 | 11.7 |

The Review on the performance of the Western Balkan countries regarding the European Pillar of Social Rights (2021), **in the social and childcare system** in Montenegro, highlights **several issues and challenges**, for instance:

- the overall efficiency of the social protection system remains a big challenge, despite the fact that significant funds are invested in it;
- despite relatively high public spending on social protection numerous problems still exist, which calls for deeper analysis of the entire system of social protection;
- children are more exposed to the risk of poverty, and although the general rate of risk of poverty has declined, the one for children is still higher than the average one;
- long-term care is limited by unaffordability of professional services for a lot of elderly;
- prevalence of Gender Based Violence (GBV) is still high with lack of systemic gender responsiveness and limited specialisation of justice, social, health and police professionals;
- still high and persistent marginalization of certain social groups, especially of persons with disabilities as "structural constraints in their participation in the labour market and social integration, continue to pose a significant problem and a big challenge for future policies".

As for the key area of the **reform of the social and childcare system**, the Review suggests the improvement of the work of the centres for social work. Given that the Montenegrin economy is facing long-term vulnerabilities and the necessity to strengthen resilience to shocks, there is a need for further development of social protection services which are socially and fiscally sustainable, for the citizens to be protected against consequences of shocks and against rise in poverty. Even though Montenegro has introduced a comprehensive information system for social protection in 2015, a so-called e-Social Card, **effectiveness of the social protection remains insufficient**. In its analysis of structural challenges of Montenegrin economy, the European Commission has recognised inadequate and insufficiently targeted social assistance as well as unemployment benefit schemes.

Montenegro has developed a comprehensive strategic framework for the future interventions in employment, social protection, and inclusion. The most relevant strategic documents relevant for the employment and social policy area in Montenegro and for interventions envisaged under this Operational Programme (OP) are listed below.

As a principal economic policy document of a country, the **Economic Reform Programme (ERP) 2023-2025** has recognised increasing employment, especially of women and youth, as well as resolving long-term unemployment, as one of the main challenges. In order to respond to the presented challenge, the following reform measures have been identified within ERP in the area of employment, labour market and social policy: (1) Strengthening operational capacities of the Employment Agency for carrying out services and measures via digitalisation; (2) Introducing the Youth Guarantee Programme in Montenegro; (3) Reform of the social and child protection system based on the Road Map.

The strategic framework in employment and social policy consists of several sectoral strategies.

The most important documents in the field of employment are the **National Employment Strategy 2021-2025** and the **Employment Action Plan for 2023**. In this Strategy, Montenegro accepted the general principles of employment and social policies, which aim to encourage employment, better living and working conditions, adequate social protection, dialogue between employers and employees, human resources development to achieve lasting employment levels and prevention of social exclusion. The vision of this document is to establish an inclusive and functional labour market and, for the first time, it includes the focus on active employment policy measures and programmes tailored for specific target groups. The general goal of the Strategy is stable and sustainable employment growth based on equal opportunities and decent work, with the development of knowledge and skills and greater social inclusion.

The priorities of the Employment Strategy are also relevant for **addressing the regional differences** in the Montenegrin labour market. The document also reflects 'Europe Now', the recent Montenegrin economic reform programme.

Like some other strategies (e.g., Strategy for the Development of Micro, Small and Medium Enterprises for the Period 2018-2022; Strategy for the development of female entrepreneurship for the period 2021-2024), the National Employment Strategy 2021-2025 also recognizes that **social entrepreneurship** is an alternative and innovative tool for promoting social inclusion, integration and employment of vulnerable and marginalized groups. The strategy emphasizes that in order to develop social entrepreneurship, it is necessary to work on establishment and improvement of the institutional infrastructure required for the development of social entrepreneurship, but also on the improvement and diversification of financial support mechanisms. Considering the initial level of the development of social entrepreneurship in Montenegro, it is necessary to exchange experiences with countries that have established the system of social entrepreneurship (Measure 3.10).

The weakness of the labour market and the high level of inactivity among young people, including NEETs, pose numerous challenges to policymakers in Montenegro. In recent years, the youth unemployment rate has been high compared to the overall unemployment rate in the country. Limited job opportunities, especially in certain sectors and a skills mismatch between the education system and market demands can make it challenging for young people to find suitable jobs. The introduction of the Reinforced Youth Guarantee in Montenegro will allow to enact policy reforms and initiatives in those areas - education and training, labour and employment, social protection and youth – that are instrumental to improve the situation of young people and build the capacity of key stakeholders to formulate, implement and monitor youth employment policies. The **Youth Guarantee implementation plan (YGIP)**, still in the drafting phase, covers the period 2023-2026, with the *Piloting YG service delivery system* planned for 2025-2026. This time frame will allow: (i) implementation of the required amendments to the legal system; (ii) adopting the necessary policy reforms in the Employment Agency of Montenegro (EAM) to manage the YG service delivery system and establishing a monitoring mechanism aligned with the Employment Committee indicator framework; and (iii) develop a plan for the roll-out of YG based on lessons learned from the piloting phase. The first step envisaged for 2023-2024 will refer to all those policy reforms and initiatives that are of key importance for the introduction of the service provision system from YG. The piloting of the YG service delivery system will be carried out in three regions (northern, central and coastal) during 2025 in accordance with the Plan. A roll-out phase will follow the piloting phase after 2026.

In Montenegro, **Occupational Safety and Health at work** is an **activity of public interest**. In the previous period, quality foundations were built for the implementation of occupational health and safety measures, both for employers and employees. With the adoption of the Law on Occupational Safety and Health at Work in 2014 and its amendments in 2018, in addition to technical measures of protection and health at work, the component of employee health was introduced, and the rights, obligations, and responsibilities of relevant subjects in the working environment were expanded to raise the level of protection and health at work.

After the adoption of the Law on Occupational Safety and Health at Work, amending and supplementing it, a large number of by-laws were adopted into which relevant directives from this area were transferred. The transferred activities implemented by Montenegro in the field of Occupational health and safety at work relate to the fulfilment of the final criteria for Chapter 19: Social policy and employment, specifically the implementation of regulations in this area and the strengthening of administrative capacities.

The **Strategy for improving Health and Safety at Work in Montenegro 2022-2027** along with the Action Plan for implementation in 2023 was adopted in December 2022. The Strategy states that the principle of health and safety at work is a constitutional principle in Montenegro. The strategy is based on the principles of social dialogue at all levels between employers, employees, employee representatives and union representatives, who are obliged to cooperate in the process of determining their rights, obligations and responsibilities related to safety and health at work. The strategy includes all socio-economic spheres in order to achieve the desired goals – full implementation of regulations, change in awareness of the importance of implementing safety and health measures at work, socially responsible companies and responsible society as a whole. The strategy is focused on improvement of the situation in the field of safety and health at work through greater commitment to the "Vision zero" approach that aims to achieve work without injuries for all employees in Montenegro.

Montenegro **Strategy for Gender Equality 2021-2025** integrates SDG and Beijing +25 goals as well as priorities identified in the new EU Gender Equality Strategy. The strategy offers an overall strategic framework for enhancement of gender equality till 2025, addressing anti-discrimination, gender equality and including multiple dimensions of all forms of violence contributing to social just and inclusive society for equal opportunities for all. The operational goals are to improve the implementation of the existing normative framework regarding gender equality policy and protection against gender-based discrimination, as well as to improve education, culture, and media policies in order to reduce the level of stereotypes and prejudices towards women and persons of different gender identities.

Government of Montenegro adopted **National Plan for implementation of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention)** that specifically targets priority commitments regarding advancement on legal and policy framework and introduction of specialised service for victims of GBV.

In accordance with the Montenegro report for 2023 Roma and Egyptians remain the most vulnerable groups and antigypsyism remains a problem. Montenegro **Strategy for Social Inclusion of Roma and Egyptians 2021-2025**⁷ is prepared in accordance with the **EU Roma strategic framework for the period 2021-2030** which addresses a further need to renew and step up the commitment to Roma equality, inclusion, and participation at both European and national levels. Activities under this OP will support Roma employment opportunities and social inclusion.

The **social policy** in Montenegro aims to improve the quality of life for citizens by creating the conditions conducive to their autonomous and productive lives and it is primarily focused on creating the conditions for graduation from social protection through **good targeting of benefits** from social and child protection systems; **activation of work-able social assistance beneficiaries**; timely and adequate service provision to vulnerable groups by **expanding the network of service providers**; and by **addressing housing issues** under the terms more favourable than the market ones. These priorities for action are further elaborated through sector-based strategies. In the **social welfare and child protection area**, several key strategic documents are in the drafting phase, namely:

- Strategy for Development of the Social and Child Protection System for the period 2023-2027
- Strategy of De-institutionalisation in Montenegro for period 2023-2027
- Strategy for the prevention and protection of children from violence with 2023-2027

In addition to the above, the **development of specific areas** within the framework of employment policy and social policy is governed by the following strategies:

- Strategy for the Protection of Persons with Disabilities from Discrimination and Promotion of Equality 2022 - 2027

⁷ [Strategy for Social Inclusion of Roma and Egyptians 2021-2025 \(www.gov.me\)](http://www.gov.me)

- National Action Plan for the Implementation of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention) 2023-2027
- Youth Strategy 2023-2027
- Strategy for Social Inclusion of Roma and Egyptians 2021-2025
- Strategy for Development of Vocational education in Montenegro 2020-2024
- Strategy for Adult Education of Montenegro 2015-2025
- Strategy of Early and Preschool Education 2021-2025
- Strategy for exercising the rights of children in Montenegro 2019-2023.

2.2. Legal framework

As stated in the Programme for the Accession of Montenegro to the European Union 2022-2023, the alignment of the primary and secondary legislation applicable in employment and social policy sector with the EU *acquis* has reached a considerable progress.

The OP areas of interventions are supported by a comprehensive legal framework, however the recent evolutions (mainly in the pandemics situation) showed that the labour market legislative framework is not sufficiently flexible and adaptable to new circumstances, thus further labour market enhancements are still needed. Further reforms in this field will take place through amendments to the Labour Law aimed at creating incentives for development of short-time work schemes or similar measures to be applied for preserving jobs. Furthermore, it will also include establishing a work-life balance for employed men and women. At the same time, the pandemic has highlighted the need to improve the Law on employment and exercise of unemployment insurance rights.

The legislative framework of Montenegro's occupational safety and health laws (the Law on Safety and Health at Work, the Labour Law and most occupational safety and health (OSH) rulebooks are based on ILO Conventions, International Labour Standards, EU directives and the needs of Montenegro in this area. It is harmonized with EU directives as well, but, in the future, harmonisation with the new directives at the EU level in this area is needed.

The legal framework in the employment and social policy area under this Programme covers labour standards, access to employment and rights in unemployment, equality, health and safety at work, non-discrimination, persons with disabilities, social dialogue, framework for social, child, family and violence protection. Several relevant laws and bylaws within the scope of this Operational Programme (OP), include, among others, the following:

- **Law on employment and exercise of unemployment insurance rights** ("Official Gazette of Montenegro", No. 24/19) regulates activities related to employment, rights and obligations of the unemployed person, preparation for employment and employment mediation, active employment policy, procedure for exercising rights during unemployment, records in the field of employment and other issues of importance for increasing employment and preventing long-term unemployment in Montenegro. This Law does not require alignment with the EU *acquis*, but further improvement is needed to support YG delivery system and the digitalisation process of the Employment Agency, through the simplification of the registration procedure in the register of unemployed persons, the improvement of services for the labour market as the first segment of measures of active employment policies.
- **Labour Law** ("Official Gazette of Montenegro", No. 74/19, 8/21, 59/21, 68/21) regulates the rights and obligations of employees from employment, i.e., based on work, as well as the manner and procedure of their exercising. The last amendments were adopted in December 2021 as part of the comprehensive reform package "Europe Now". Further alignment will continue in relation to working schemes and Labour Law will be additionally harmonized with the EU Directive (EU)2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive

2010/18/EU which aims to ensure the establishment of balance between professional and private obligations, but also between the roles played by men and women in family life. Current Labour Law should be aligned with EU Directive on transparent and predictable working conditions in the European Union (EU) 2019/1152 of the European Parliament and of the Council of 20 June 2019 within a period of 7 years.

- **Law on Safety and Health at Work** ("Official Gazette of Montenegro", No. 34/14 and 44/18) stipulates that safety and health at work is ensured and implemented by applying modern technical, technological, organizational, health, social and other measures and means of protection in accordance with this law, other regulations, ratified and published international agreements. The Law is aligned with EU Directive 89/391/EEC – Framework Directive 92/57/EEC on the implementation of minimum safety and health requirements at temporary or mobile construction sites.
- **Rulebooks on Occupational Safety and Health Measures** related to: working environment; biological, chemical and physical substances; asbestos; vibrations; carcinogenic and mutagenic substances; signs; noise; work with screens; temporary or mobile construction sites; explosive atmosphere; manual transfer of loads; use of work equipment; plan of protection measures and health at work; means and equipment for personal protection at work.
- **Law on Professional Rehabilitation and Employment of Persons with Disabilities** ("Official Gazette of Montenegro", No. 49/08, 73/10, 39/11, 55/16) regulates the manner and procedure of exercising the right to professional rehabilitation of persons with disabilities, measures and incentives for their employment, method of financing and other issues of importance for professional rehabilitation and employment of persons with disabilities; the draft Law on Professional Rehabilitation and Employment of Persons with Disabilities and the draft **Law on Unified Disability Determination system regarding the non-discrimination in employment and social policy** (Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation) are being revised. Legislation is still not fully aligned with the UN Convention on the Rights of Persons with Disabilities, including with respect to a human rights-based definition of disability. The regulation, location and management of the corresponding fund is still missing. Overall, persons with disabilities cannot fully exercise their rights in Montenegro and continue to face multiple forms of discrimination. Gaps must be addressed with respect to mainstreaming their rights across sectors and policies, and there is a lack of a harmonised concept of disability in the legislation. In the area of non-discrimination in employment and social policy, the Law on a unified disability determination system has not yet been adopted, although the draft law and the public consultation were completed in 2022.
- **Draft law on prohibition of discrimination** – to meet European antidiscrimination standards, comply with the 2017 recommendations of the European Commission against Racism and Intolerance (ECRI), and provide quality protection against discrimination to all citizens. The process of amendments to this Law is ongoing; in the Law on Prohibition of Discrimination, which was adopted in 2010, and lastly amended in 2017, direct and indirect discrimination are defined more precisely.
- **Law on Social and Child Protection** ("Official Gazette of Montenegro", No. 27/13, 1/15, 42/15, 47/15, 56/16, 66/16, 1/17, 42/17, 50 / 17, 59/21) prescribes the conditions and manner of exercising the rights from social and child protection, as well as provision of social and child protection services. In 2022, Montenegro adopted two amendments to this Law, extending the right to child allowance to cover children up to 18 years old in an attempt to address the very high rate of children at risk of poverty and social exclusion (45.5% of children under the age of 18 in 2021).
- The most important national instrument in the area of gender-based violence is the **Law on Domestic Violence Protection**, adopted in 2010. The legal framework also includes **Law on Gender Equality, Criminal Procedure Code, Family Law, Law on Free Legal Aid, Law on Social and Child Protection**. The Protocol on the treatment, prevention, and protection against domestic violence is another important

legal instrument that establishes procedures in coordinated actions of the relevant institutions in the cases of domestic violence.

2.3 Institutional Setting, Leadership, and Capacity

The institutional set up of the employment and social policy sector is based on a sector-based coordination approach. The **Social Council** has the leading role and its goal is to establish and develop an official dialogue on issues critical to the realization of employees' and employers' economic and social positions, as well as the conditions of their lives and work, to develop a culture of dialogue, and to encourage the peaceful resolution of individual and collective labour disputes, as well as other issues arising from international documents, and they refer to mutual relations between employees and employers.

Overall, the institutional set-up for employment and social policy supports ongoing and planned sector reforms with clear responsibilities allocated to the relevant national authorities. According to the jurisdiction stipulated by the *Decree on the organization and method of work of the state administration* of October 31, 2023 the **Ministry of Labour and Social Welfare** is the lead institution for creation of employment and social policy. The Ministry is composed of six core organization units – Directorates of which the three described below are of relevance for the activities to be planned under this Operational programme.

- **Directorate for Access to the Labour Market**, is responsible for the analysis, creation and implementation of the employment policy; preparation and monitoring of regulations in the field of employment, rights during unemployment, in the field of professional rehabilitation and employment of persons with disabilities, as well as in the field that governs the recognition of professional qualifications for performing regulated professions, preparation, implementation, monitoring and reporting of the national employment and labour market development policy in accordance with EU recommendations and guidelines; preparation of analyses, reports and information from the field of labour market and employment; monitoring and developing indicators of the implementation of the labour market policy. Tasks are implemented in close cooperation with EAM, Fund for professional rehabilitation and other institutions on the labour market. Currently 6 employees are working in the Directorate (and additional 3 are foreseen to be employed in line with the Rulebook on Internal Organisation and Systematisation).
- **Directorate for Social Welfare and Child Protection** is responsible for the protection of individuals, families, children without parental care, children with special needs and adults with disabilities, delinquent youth, children, and adult persons who are victims of abuse and human trafficking, children and adults who are substance abusers, homeless and internally displaced persons, and pregnant women without family support and adequate living conditions. This Directorate is also in charge of drafting strategic documents which are focused on the protection of vulnerable groups and for monitoring the implementation of these documents. It is also a body that regulates and controls institutions and other providers of social and child protection and builds cooperation with NGOs and local self-governments. According to the Rulebook on Internal Organization and Systematization, out of 34 foreseen workplaces in the Directorate 27 have been filled.
- **Directorate for Gender Based Violence** has been established in 2022 as an important policy unit for development of proper institutional infrastructure to enable implementation of the Istanbul Convention and to give attention of the monitoring and advancement of the protection and prevention systems. According to the Rulebook on Internal Organization and Systematization, out of 4 foreseen workplaces in the Directorate 3 have been filled.
- **Labour Directorate** is responsible for implementation, monitoring, and improvement of the system for labour relations; normative legal affairs in the field of work and occupational health and safety; monitoring and implementation of ratified EU conventions and directives in the field of labour relations and occupational health and safety; cooperation with the ILO and other international organizations with

the aim of synchronizing and dynamizing reform processes in the field of occupational health and safety and labour relations with EU standards and guidelines; cooperation with the respective associations of employers and the trade union in the preparation of collective agreements and participation in social dialogue. According to the Rulebook on Internal Organization and Systematization, out of 13 foreseen workplaces in the Directorate 11 have been filled, out of which 5 systematized and field concerns part for occupational health and safety at work.

So far, no external assessment of the administrative and personnel capacities of the Ministry has been made, but practice suggests that individual directorates are understaffed, and employees are overburdened with work. There is also a need for constant development and strengthening of competences, mainly related to new methods and procedures.

The Employment Agency of Montenegro (EAM) is organised as a public service with a legal entity under the jurisdiction of the Ministry of Labour and Social Welfare. Its functioning is regulated by the provisions of the Law on employment and exercise of unemployment insurance rights and the Statute of the EAM. The method and procedure for the exercise of the rights of unemployed persons, functions and authority of the EAM, decision-making authority of the EAM, the principles for the internal organization of the EAM and other issues of importance to the EAM are more precisely outlined by the governing statutes of the EAM, which is drafted by the Ministry. The management bodies of the EAM are Managing Board and Director, appointed by the Ministry.

The EAM carries out its activities within the framework of the Central Office, the regional employment offices (9) and the local employment offices (25). Within the Central Service there are 4 sectors, 2 services, 2 departments and 1 Fund for professional rehabilitation and employment of persons with disabilities. The activities of the regional and local offices which refers to provision of information and services to EAM clients are governed by the Department for Employment within the EAM Central Office. In EAM there are in total 306 employees (October 2023), out of which 105 are working in direct communication with the clients (85 are employment advisers and 20 state employees/referents). EAM is planning further strengthening of the front office staff through additional employment and training.

The EAM requires substantial institutional reform and human resources strengthening. Some challenges, such as delivering the Youth Guarantee and promoting up- and reskilling actions and other ALMMs measures⁸ as well as the digitalisation process of the Employment Agency⁹ are already addressed through ongoing activities and the reform processes started and will continue to be implemented during 2025/2026. The discrepancy in the ratio of workers between regional offices and central office has not been tackled and its coordination with centres for social work remains an issue to be addressed. A further digitalisation effort is essential, as the pandemic highlighted that the IT platform for registering unemployed persons and interoperability with other databases in the system in Montenegro for an adequate data exchange aimed at improving quality of monitoring unemployed persons, need to be improved.

The Labour Inspection, as part of the Inspection Administration, is responsible for enforcing Labour Law and other relevant legislation in line with the Law on Inspection Supervision and ensuring compliance with labour standards in the country. The primary goal of the labour inspection is to protect workers' rights, promote safe and healthy working conditions and foster fair employment practices. In total there are 44 employees in the Department for Labour Inspection (33 inspectors for labour relations and 11 for safety at work). The staff is highly experienced in occupational safety and health issues, management, monitoring, and reporting. However, in line with the Strategy for the improvement of Occupational Health and Safety 2022-2027, there is a recognition that overall human capacities for labour inspection are limited, necessitating measures that emphasize strengthening the

⁸ Twinning project *Strengthening capacities of the Employment Agency of Montenegro in terms of Active Labour Market Measures implementation, future participation in European Social Fund and facilitation of labour force mobility*

⁹ Upgrading of IT infrastructure and new information system for the Employment Agency of Montenegro (supply contract under IPA 2020)

Labour Inspection, both in terms of human resources and professional training, to further enhance capacity building. Internal assessment confirmed the necessity of continuous training for all labour inspectors and other relevant staff as a staff training.

Institute for Social and Child Protection performs development, counselling, research and other professional activities in social and child protection. It consists of the Department for Professional Development, the Department for Improving the Capacity of Professional Workers, and the Service for General Affairs and Finance. It currently employs 18 staff members, and their administrative capacities will be further strengthened in accordance to internally yearly prepared administrative plans. Systematization is still not carried out. Current systemization contains 20 staff members envisaged.

The activity of social and child protection is carried out through **institutions of social and child protection**, which may be public or private. Public institutions are centres for social work, institutions for children and youth, institutions for adults and the elderly and institutions for relaxation and recreation.

Centres for Social Work (CSW) are the key institutions in the social and child protection system in Montenegro, with the public authority to provide social and child protection assistance to their beneficiaries: children (families), adults and elderly people. As the primary institutions for social and child protection in Montenegro, Centres for Social Work have complex and diverse responsibilities. The basic tasks of the CSWs are determined primarily by the Law on Social and Child Protection, the Family Law, the Law on Protection against Domestic Violence and the Law on Travel Benefits of Persons with Disabilities.

In total there are 259 professional workers employed in 13 functioning Centres for Social Work with 12 branch units, covering 24 municipalities throughout the whole territory of Montenegro. In the past 10 years significant resources were invested in improving the work of the CSWs, the competencies of professional workers, and the legislative framework. This has led to an improvement of the quality of work with beneficiaries, but on the other hand, human capacity constraints in CSWs still lead to reactive rather than proactive provision of services. UNICEF analysis¹⁰ indicates that the number of employees, especially those in direct work with beneficiaries, is not sufficient to provide quality services to beneficiaries, the structure of staff in CSWs is dominated by those who are not engaged in direct work with beneficiaries (51.5%), the degree of workload of professional workers is relatively high. More attention to establishing community-based support networks for beneficiaries and, more generally, to interlinking CSWs with institutions and organizations acting at the level of the local community is needed. Based on the analysis further investment in the capacity building activities of the CSW workers and better organisation of their work is also recommended.

2.4 Sector(s) And Donor Coordination

At the Government level, a tripartite body known as the Social Council, consisting of the representatives of the Government, trade unions and employers' representatives, is responsible for facilitating social dialogue in Montenegro and is an inevitable part of the decision-making on the economic and social policies. The Council plays a central role in negotiations on amendments to the general collective agreement and may be involved in drafting proposals for laws through creation of working groups.

At the operational level within the employment and social policy sectors, working groups are regularly established for drafting legal and strategic documents with relevant stakeholders from government and public administration, as well as social partners and NGOs. They cease when their work is complete. Public participation in the process

¹⁰ UNICEF Country Office in Montenegro (2019) The analysis of the Work of Centres for Social Work: <https://www.unicef.org/montenegro/en/reports/analysis-work-centres-social-work-montenegro>

of public policymaking, through public debates and participation of nongovernmental organizations in the working bodies of the state administration bodies, contributes to their better definition, as well as to the improvement of democratic processes, increasing transparency and providing greater legitimacy of acts intended to regulate certain issues in detail. The participation of citizens and non-governmental organizations as their legitimate representatives in the decision-making process is regulated by the Law on State Administration and the supporting bylaw (Decree on the Election of NGO Representatives to the Working Bodies of the State Administration Bodies and Conducting Consultation in Preparation of Laws and Strategies). The Decree entered into force in July 2018 with the aim to simplify the policy-making procedure in cooperation with stakeholders.

Finally, overall donor coordination is done principally by the Ministry of Foreign Affairs (Directorate General for Economic Diplomacy and Cultural Cooperation) or among donors themselves. The European Union and UN agencies are some of the main donors and coordinate closely amongst themselves and with other donors.

Coordination with relevant Interreg IPA programmes (Croatia-Bosnia and Herzegovina-Montenegro, South Adriatic (Italy-Albania-Montenegro), IPA Adrion, Danube, EURO MED, URBACT, Interreg Europe) as well as the two relevant macro-regional strategies for the Adriatic-Ionian (EUSAIR) and Danube Regions through their embedding processes will be also ensured. This is particularly important as these programmes are the only ones equally in shared management mode, which provides a unique opportunity for capacity building.

2.5 Mid-Term Budgetary Perspectives

In accordance with the **Law on Budget and Fiscal Responsibility**, adopted in 2014, the process of determining the state budget is based on economic or fiscal policy, defined in the Fiscal Strategy and Guidelines for Macroeconomic and Fiscal Policy. As a strategic instrument in this area, the Fiscal Strategy is proposed by the Government, at the beginning of the mandate and for a period of its duration (4 years) and submitted to the Parliament for approval. This document defines the strategic objectives of fiscal policy, which represent the basis for planning annual and medium-term fiscal objectives. Planning fiscal policy requires compliance with certain criteria, relating to: the realization of primary budget cash surplus, the level of current expenditures and transfers that should be lower than current revenues and grants, debt policy that should be aimed at ensuring fiscal sustainability. At the same time, in the planning and execution of the budget, the focus should be directed toward keeping the level of the budget deficit below 3% of GDP and public debt below 60% of GDP. In line with the Fiscal Strategy and defined medium-term objectives, the Government annually adopts the Guidelines for Macroeconomic and Fiscal Policy, which relate to a period of 3 years and contain: medium-term strategic goals of economic and fiscal policy, basic macroeconomic and fiscal indicators and projections, consumption limit, levels of gross earnings and other personal income, expenditures for pension and disability insurance and other expenditures for social protection.

At this point, **the Guidelines for Macroeconomic and Fiscal Policy 2022 to 2025**, from 2022 represent a strategic document, establishing the main fiscal objectives. Also, this document provides a basis for planning the budget at the annual level. The main goal of the macro-economic and fiscal policy of Montenegro is smart and sustainable inclusive growth conducive to better quality of life for all citizens, while reducing the development gap compared to the EU average. Specific policies focus on the increase of budget revenues, decrease of consumption and more investments in infrastructure, as well as setting the public debt on a downward trend and funding the debt from the economic growth. As envisaged by the key strategy documents in this sector, the goals will be achieved through attracting foreign direct investments, developing new forms of public-private partnerships, utilising EU pre-accession funding, favourable loans, and national financial resources.

In the next period, the expenditure side of the Budget of Montenegro is entirely created to achieve the strategic priorities, such as accelerating economic growth, the EU integration process and the obligations deriving from NATO membership.

The Government remains committed to fiscal sustainability, supporting the economy with investments in infrastructure projects, redesigning the public finance structure by increasing the share of capital expenditures, and strengthening the process of planning, executing, and reporting regarding public finance.

In the medium-term period, fiscal policy remains focused on reducing inflation while providing targeted support to vulnerable households and businesses if necessary as well as measures to combat the informal economy.

Finally, Montenegro committed to continue preparatory activities for the implementation of the Youth Guarantee programme, along with necessary reforms within the Employment Agency of Montenegro, and to continue efforts to reform active labour market measures and the social and child protection system.¹¹

The budget of the MLSW for 2023 in total is EUR 216,991,971.27. It consists of three main programmes, Programme for Labour Market Policy in the amount of EUR 1,033,092.28, Programme for Social Protection in the amount of EUR 214,877,200.99 and the Programme for Management of Human and Material Resources in the amount of EUR 1,081,678. The budget of the MLSW for 2024 is planned in the amount of EUR 226,718,952.09 and in 2025 it is expected to be EUR 226,720,812.10.

Budget of EAM for 2023 for the implementation of the Labour Market Policy programmes is EUR 51,237,289 with the planned increase in 2024 with the total amount of EUR 77,607,438.20.

2.6 Performance Assessment Framework

The *Decree on methodology and procedure for drafting, aligning, and monitoring the implementation of strategy documents* lays out the minimum quality criteria for all strategy documents adopted by the Government of Montenegro, including those in the employment and social policy sectors. The established system of strategic planning is aimed at establishing clearer horizontal and vertical relations between the existing strategy documents, to improve their quality, but also to achieve more efficient implementation of the strategy documents, to enhance inter-sector cooperation and to set up a sustainable mechanism for monitoring their implementation.

The Decree is accompanied and further elaborated by the *Methodology for the development, drafting and monitoring of implementation of strategy documents*. The Methodology provides practical guidance on the development, drafting and monitoring of the implementation of strategy documents, aimed at improving their quality. Its use is obligatory. For all the strategies Action plans (APs) are developed and monitoring mechanisms are based on its implementation. Quality horizontal monitoring is done on the Government sessions where discussion took place on the regular information on the implementation of the strategies and discussion and adoption of the (semi)annual reports on the APs implementation. The data and analysis are being used to update Government policies, properly allocate resources, and to adjust the planned activities in accordance with the newly created circumstances. Regarding the implementation of the inter-sectoral strategies, monitoring is usually performed by the National Commission for implementation of the strategy and Secretariat of the National Commission who is in charge to collect, compile and develop reports of respective authorities and their integration in the annual report.

Labour statistics comprise statistics from a wide range of labour-related topics and are derived from a variety of sources. A labour market information system is still being developed. MONSTAT, Ministry of Labour and Social Welfare and EAM have regularly provided data on employment in line with EUROSTAT methodologies. Social protection statistics comprise data from CSWs' administrative records and MONSTAT. The MLSW and its related sub-sector institutions in the employment and social policy sector have been cumulating significant experience on monitoring procedures including reporting based on the projects implemented under previous IPA programme.

¹¹<https://www.eeas.europa.eu/delegations/montenegro/joint-conclusions-montenegro-economic-financial-dialogue-between-eu-and-en> (Date of access: 06.07.2023)

Regardless of the above, the collection of timely and reliable data needs to be sustained and strengthened. Efforts should continue to bring the employment and social statistics more in line with EU standards. The lack of interoperability between databases and the lack of official data collection, such as on social welfare and the gender pay gap, makes it difficult to monitor several important indicators. It is also an added hurdle in designing active labour market policies, developing individual activation plans and distributing social benefits.

The **Law on Budget and Fiscal Responsibility** is the base for planning and monitoring spending of all public funds in Montenegro, according to which each institution at state and/or local level that are beneficiaries of the State budget must plan, spend and report on the progress. According to the principle of sound financial management all the institutions of the State budget are responsible for continuous improvement of their financial capacities and responsibilities. The overall performance management monitoring is conducted by the Ministry of Finance.

The **Performance Assessment Framework (PAF)** for monitoring the implementation of national sector and sub-sector strategies in Employment and Social Policy (ESP) follows the strategic planning system in Montenegro based on the unified methodology and procedure for drafting, aligning and monitoring of the implementation of strategy documents, which lays out the minimum quality criteria for all strategy documents adopted by the Government of Montenegro. Moreover, the system established clearer horizontal and vertical relations between the existing strategy documents, in order to improve their quality, but also to achieve more efficient implementation of the strategy documents, to enhance inter-sector cooperation and to set up a sustainable mechanism for monitoring their implementation.

As for the ESP, the national list of indicators has been elaborated to provide information on various indicators introduced by various strategic documents relevant to social and employment policies in Montenegro, with the aim to monitor the level of achievement of their aims and objectives. This represents the basis for the performance assessment within the OP. Considering the different periods of time, the respective strategic documents will provide different frameworks for assessment, as some of them only cover the period until 2023. Reports are developed on a yearly basis to provide information on the progress in the achievement of aims and objectives. These reports also provide information on whether the introduced indicators have been achieved and to what extent. Considering the nature and scope of indicators varies very much, as they follow the variety of aims and objectives covered by the strategic documents. There is also a variety of responsible bodies who would report on strategies, including indicators. The primary obligation of the coordinating body for monitoring the implementation of the strategy is to prepare annual and final reports on the implementation of the strategic document. The process of data collection is based on the principle that the leading institution in the process of implementing the strategy (in most cases it is the coordinating/leading government ministry) coordinates the work of the body responsible for monitoring the strategy, collects data from all entities that implement the activities from the action plan and prepares the draft report which will be submitted to the Government of Montenegro for adoption. Some of the indicators use data provided by MONSTAT, the other use data collected by the Employment Agency of Montenegro (EAM) and some of the indicators must be reported on the basis of data provided by various responsible sectors.

Current experience has identified the shortcomings in the monitoring and reporting systems, the responsible bodies are facing:

- insufficient level of coordination between bodies involved in monitoring and reporting, (data transfers limitations and interoperability of data bases)
- missing quality database, which would enable to measure the level of achievement of the set goals and performance indicators, as well as the degree of activities implementation,
- incomplete financial framework, which results not only in missing information on budgetary provisions, but causes problems during monitoring and reporting, when obtaining data on the funds spent in implementation of a certain activity,
- gender equality in labour and social policies, as only some institutions use information systems featuring gender-segregated data on users of services.

Currently, the PAF for monitoring the implementation of national strategies within employment and social policy sectors as well as for the achievement of sector results and objectives is under assessment. The updated framework in the future will include a solid monitoring and reporting framework with the description of roles and responsibilities of ESP stakeholders, indicators to measure ESP success and mechanisms for policy coordination and development procedures. At this point there is a lack of a database or IT system for tracking the progress of the ESP strategies' specific goals and pertinent indicators.

The activities planned under the OP ESI will contribute to meeting the indicators used by the strategies divided into the following main categories:

- a) Indicators relevant to labour market developments
- b) Indicators relevant to persons in/outside the labour market
- c) Indicators relevant to social services.

Special emphasis through planned activities under the OP ESF will be focused and contribute to the list of several key impact indicators of the Performance Assessment Framework (PAF) as follows:

- Employment Rate (15+): total, men, women.
- Employment rate (20-64): total, men, women.
- Youth Employment Rate (15-29): total, men, women.
- Unemployment rate (15 – 74 years): total, men, women.
- Youth Unemployment Rate (15-29): total, men, women.
- NEET rate for youth 15-24.
- Increased number of unemployed persons from the Northern region participating in Active Labour Market Policy (ALMP) measures.

2.7 Socio-Economic Analysis (Including Swot Analysis)

Macro-economic situation¹²

Following the deep recession Montenegro faced in 2020 amid the COVID-19 pandemic, which severely affected the real sector relying on tourism, the Montenegrin economy started to recover in 2021 with the growth rate of 13 percent and estimated growth rate of 7.7 percent in 2022. In addition to the consequences caused by the pandemic, Montenegro is also facing the negative consequences of the war in Ukraine as well as tightening of the financing conditions in the international market. Adverse global trends, and partially, expansion of the private final consumption as well driven by a strong fiscal stimulus, have caused double-digit inflation. All the above has further influenced the fiscal stance as well. According to the medium-term fiscal scenario for Montenegro in the Economic Reform Programme 2023-2025¹³, the projected public finances deficit is exceeding 6 percent of GDP on average annually, as is projected the upward trend of the public debt.

¹² 2022 Economic Reform Programmes of Albania, Montenegro, North Macedonia, Serbia, Turkey, Bosnia and Herzegovina and Kosovo, EC Overview and Country Assessment: https://economy-finance.ec.europa.eu/system/files/2022-07/ip180_en.pdf

¹³ ERP 2023-2025: <https://www.gov.me/en/documents/53abfa01-43ff-46dd-b720-126ba805fcd5>

Labour market main trends and challenges

Due to the analysis done by EC, despite the economic growth in 2021, labour market indicators only improved marginally. The most vulnerable groups on the labour market are still **women, young people and the low skilled, Roma and Egyptians, persons with disabilities and long-term unemployment** remains a structural challenge.

Relative to the EU-27 average, Montenegro faces challenges regarding several indicators of the Social Scoreboard supporting the European Pillar of Social Rights. The COVID-19 pandemic reversed years of positive labour market trends. Although employment and unemployment rates, as well as the share of young people (15-29) not in employment, education, or training (NEETs) had begun to improve, the pandemic undermined this progress. Structural challenges in the labour market persist, including high and increasing long-term unemployment and continued regional disparities. The gender employment gap continued to narrow steadily, although figures remain below the EU-27 average. Skills mismatches and the weak provision of adult learning affect school-to-work transitions and result in workers being insufficiently prepared to find suitable and sustainable employment.

The number of employed persons in comparison with the previous year has increased by 18.2%. The employment rate of women is still lower than that of men, but the employment gap was decreased to 8.7% compared to 2021 when it was 11.8%.

The labour market suffers from structural problems determined by the nature of the economy, which is aimed mostly towards services and lacks heavy industry which could utilize skilled workers and highly educated professionals. 24% of GDP is generated through tourism and tourism-related activities and Montenegro is one of the fastest-growing tourism markets in the world. The supply of people to work in the tourism sector does not meet the demand generated, especially during the seasons. Many of the seasonal workers come from neighbouring economies – the reason being that many Montenegrins find these positions unattractive or consider them not to be paid enough, resorting to managerial positions within the industry, which is however not capable of absorbing all Montenegrin workforce. On the other hand, other sectors which can offer work in Montenegro are also faced with problems, especially the fields of high-tech, information technology (IT) and engineering¹⁴.

A particularly sensitive target group 15-29 are **young people not in employment nor in education or training (NEET)**. Young people face challenges of a different nature, starting with the high level of youth unemployment, an education system that does not meet the needs of the market, insufficient progress in the transition from the education and training system to the labour market (brain drain). On the other hand, the jobs that young people do represent insecure jobs and jobs in the grey economy zone and beyond the level of educational qualification¹⁵.

Young people work predominantly on fixed-term contracts, while the percentage of those who have permanent jobs is smaller, indicating the precariousness of work at present. The phenomenon of precarious work is often mentioned in more recent studies dealing with youth employment, which indicates that it is characterised by temporality, fluidity, and flexibility of work. There is also a trend toward de-professionalisation of labour. A high percentage of young people do not work in the profession they have been trained or educated for, or work in various places requiring a lower level of qualifications than those which they have acquired through formal education.

Although it is still far below the overall employment rate, the employment rate for young men is somewhat higher than for young women, but compared with other Western Balkan economies, the gender difference is not large. The highly educated had a higher employment rate than the medium educated (60.0% versus 37.6%), while few low-educated young people had a job, with an employment rate of just 6.9%.

¹⁴Regional Cooperation Council, Study on Youth employment in Montenegro, July 2021: <https://www.esap.online/docs/131/study-on-youth-employment-in-montenegro>

¹⁵ ILO analysis Young people not in education, employment or training (NEET) 2021

Unemployment among young people is declining, but it is extremely high in all ages and educational cohorts of young people, making them an extremely vulnerable social group. Given that unemployment is a predictor of aggravated integration into society, including poverty, the group of young people is at a serious risk of marginalisation and social exclusion.

While the highest share of unemployed people continues to be those with lower educational attainment, there is an important percentage of NEET among those with higher education. A mismatch of skills remains a significant challenge, particularly for graduates of vocational education and training or higher education, despite some recent efforts to improve the transition from education and training to the labour market. The quality and relevance of the entire education system and the lack of practical experience of graduates from vocational and higher education are long-standing challenges. A high share of people transitioning from vocational education and training programmes to higher education and other programmes are less suited to market needs. Occupational mismatches (i.e., overqualification) are highest for people with a tertiary education (around 14%). Although tertiary educational attainment is still lower than the EU average, the labour market cannot absorb the numbers of tertiary graduates in certain areas, such as business and humanities.

In July 2021 the Government committed to launching and pushing ahead with the **Youth Guarantee scheme**, in line with flagship investment number 10 of the Economic and Investment Plan. Together with the European Commission (DG EMPL and DG NEAR), the ILO and the ETF are supporting the country in this endeavour. The goal of this program is to offer every young person an offer for employment, further education, internship or training within 4 months of leaving the Education System or leaving the job. Montenegro is currently in the phase of preparing the first implementation plan of the Youth Guarantee program 2023-2026, which contains reforms and initiatives that must be adopted in order to implement the program in full capacity. The implementation plan foresees the implementation of the pilot phase of the program in 2025-2026, while in the meantime, some of the initiatives are being implemented, especially in the part of digitalization of the system, and especially by the EAM as the main implementer of this program. Participation of young people in the Youth Guarantee Programme will have a positive effect on increasing the workforce activity, but also on its competitiveness. They will acquire knowledge and skills required and demanded in the labour market through education, professional development, internship, or through work, ultimately leading to narrowing the structural labour market disbalances.

Almost three fifths of the total number of unemployed people in Montenegro are **women**. The number of women without any work experience is double that of men. There is a lack of gender-sensitive career counselling, programmes aimed at encouraging young women's enrolment in non-traditional vocational programmes and studies, or programmes aimed at helping women come back to the labour market after a prolonged absence, for example as a result of childcare. In the previous period, there was also a trend of a decrease in new female applicants in the EAM's records, with a lesser number of women applying and looking for employment. However, there is still a significantly higher number of women on the EAM's records compared to the number of men.

Women participate less in the labour market; administrative data of the EAM show that 57.1% of the total number of unemployed persons are women. The contribution to the reduced gap between the employment of women and men is also recognized in the implementation plan of the Youth Guarantee program.

Long-term unemployment is high, and it is increasing with the share of long-term unemployment in total unemployment, and it is harming youth and women particularly. The largest share among long term unemployed persons pertains to those who have been seeking employment for 2 years or longer, among those registered at EAM in 2022, 23% of the long-term unemployed have been without a job for more than five years. This group includes older individuals who are entitled to indefinite unemployment benefit until they retire, but also discouraged jobseekers.

Statistical information on **Persons with disabilities** (PwDs) is largely unavailable. Census 2011¹⁶ collected the data on the existence of difficulties in performing everyday activities. 11% of the total population have difficulties in performing daily activities because of chronic illness, disability or age. PwDs are a very vulnerable group in the labour market. They face two sets of issues: issues which are linked directly to their disability, such as employers' prejudice and facilities which are not adjusted to their needs, and issues which the majority of the labour force faces such as lack of work experience and insufficient or inadequate qualifications needed for the labour market. At the end of 2022, there were 9,864 PwDs on the EAM unemployed register, representing 21% of the total registered unemployment. Most PwDs were registered in the Northern region. The highest number of PwDs is without occupation and professional qualification (48.3%). Disaggregated by age, more than two thirds of all PwDs registered at EAM are over 50 years old (24.75% over 60, 21.6% from 55 to 59 and 16.8% from 50 to 54 years old).

About 25 000 **Roma and Egyptians** (RE) live in Montenegro. Based on the data available RE population in Montenegro is much less likely to be employed than their neighbouring non-RE counterparts, and gaps vis-à-vis neighbouring non-RE are increasing. The unemployment rate of marginalised RE is much higher than that of neighbouring non-Roma. EAM reported that among the registered unemployed persons, there are around 2% registered RE population, out of which many have no professional qualifications. Consequently, this causes RE population to seek jobs in informal/grey economy mostly collecting raw material for recycling. According to the UNDP survey, the rate of Roma engaged in undeclared work is 61%. Those that find regular jobs, do so mostly in seasonal employment in the sectors of construction, agriculture, and tourism. The great majority of RE youth (ages 18-24) in Montenegro were not in employment, education or training (NEET) in 2017 (82%); there was a significant increase with respect to 2011 (73%), and the gap vis-à-vis neighbouring non-RE is widening.

On 19 October 2022, the government organised the third Roma ministerial meeting in Podgorica. The Ministers of all Western Balkan countries responsible for Roma inclusion agreed to act upon the commitments made in Poznan in 2019 and the first two ministerial meetings organised in Tirana (2020) and Sarajevo (2021). They also agreed to strengthen the ongoing work on Roma integration in the areas of housing, employment, green and digital agendas, and Roma responsive budgeting, and to adopt strong monitoring and reporting systems to measure progress on implementation of the new Roma strategies and the Poznan Declaration objectives with the assistance of the national statistical offices.

On 26 May 2023, the government adopted a Decision on the establishment of the coordination body for monitoring the implementation of Poznan Declaration commitments, chaired by the National Roma contact point. In 2022, 26 civil society organisations received public funds to implement projects in the area of Roma inclusion. In addition, in 2022, the Minority Fund supported 10 projects in the area of Roma inclusion. The budget allocated for projects supporting Roma inclusion is increasing, but appropriate planning, monitoring and financial control are lacking.¹⁷

Active Labour Market Measures

The EAM implements many active employment measures, including adult learning and training, employment incentives that include subsidised employment of unemployed persons in the open labour market, direct job creation, including public works, incentives for entrepreneurship and more. However, although there is evidence of individual positive results of the implementation of the measures, it is very difficult to assess the success of these programmes overall, as an appropriate monitoring mechanism is still lacking. Coverage of active labour market policies is relatively low, and few programmes reach the most vulnerable. Existing measures are not

¹⁶ Montenegro Statistical Office, Population with disability in performing daily activities by municipalities in Montenegro, Population census in Montenegro 2011: <http://monstat.org/userfiles/file/popis2011/saopstenje/Smetnje%20u%20obavljenju%20svakodnevnih%20aktivnosti%20popis%202011.pdf>

¹⁷ Montenegro 2023 Report, Commission Staff Working Document

adequate to assist jobseekers in finding sustainable, long-term employment, and continue to focus insufficiently on re- and up-skilling. According to the functional assessment conducted by the ILO in 2019, the delivery of employment services and programmes to unemployed (counselling, career guidance, job placement, referral to active labour market measures) is constrained by an outdated service delivery model, lack of administrative capacity and the fact that there is no marketing towards employers.

The Action Plan for interoperability among selected information systems and databases with a role in managing the labour market in Montenegro was prepared in the previous period and adopted by the Government of Montenegro at the meeting held on 22 December 2022. Final activities are taking place on improving the capacities of the Montenegro Employment Agency for use of online tools through pre-accession assistance and support of the International Labour Organisation. Additional support for improving the administrative capacities of the Employment Agency will be provided through a twinning project (IPA 2020).

Furthermore, activities are being finalised on improving the online module for registration of unemployed persons and vacant job positions. During 2023, the project “Development of the new Information system for the Montenegro Employment Agency” was contracted from IPA 2020. The implementation of project started on 11 September 2023. During 2024, it is planned that the new IT equipment is operational, as well as installing the new software, which should enable improvement in existing and creating new modules aimed at establishing full interoperability. The implementation of activities envisaged under the Twinning project for improving the capacities of the EAM are ongoing, specifically designing the new active labour market policy measures, with particular focus on carrying out activities of monitoring and evaluation.¹⁸

Social entrepreneurship

Social enterprises in Montenegro are underdeveloped, fragmented, disorganised, poorly equipped, with limited capacities and resources to carry out work, and depend on donations. Since the field is in its infancy, it is difficult to expect social enterprises to develop quickly, but there is significant potential for their development. This field has been recognised by the government and a first step of further development of the social economy sector and social enterprises will be the improvement of the legal and strategic framework for social enterprises and their institutional recognition.

But the key issue that can contribute to the development of social enterprises in Montenegro is not only the specific legal framework but rather the development of good governance and the capacities and skills the social enterprises need to operate in the market. There is a need to support social enterprises primarily through different training programmes, consultancy, and mentorship to develop their managerial, financial, and marketing and sustainability skills. There is also need for networking among social enterprises, both at national and regional levels, as well as at the EU level.

Occupational safety and health at work

The legislative and institutional framework for healthy, safe, and well-adapted work environment and data protection is in place in Montenegro.

Regarding the tradition of work, it implies a system of work that does not correspond to the present time and doesn't fully follow the new regulations that are aligned with EU directives and ILO conventions. Primarily, the inadequate application of prevention measures in activities where the risks are high (agricultural activity, construction activity, smaller craft workshops that specifically through the tradition of work from the previous period perform tasks without the use of means of work and personal protective equipment and several other

¹⁸ Montenegro Economic Reform Programme 2023-2025

prevention measures). In all activities, the aim is to apply measures of safety and health at work, which will relate to adapting work processes to the modern technologies that carry less risk to life and health at work.

The Law on Safety and Health at Work states that the employer implements the protective measures by respecting the following principles: avoiding risk, evaluating risk, eliminating risk, adapting the work and workplace to the employee, especially in terms of the design of the workplaces, the choice of work equipment, the choice of working and production methods with a particular emphasis on the alleviation of monotonous work and work at a predetermined work-rate and reducing their effect on health, adapting to technical progress, replacing the dangerous by the non-dangerous or less dangerous, developing a comprehensive policy for the safety and health at work, which includes technology, organisation of work, working conditions, interpersonal relations, and working environment factors, giving advantage to collective protective measures over individual protective measures, and giving appropriate instructions and information to employees.

The supervision of the implementation of the Law on Safety and Health at Work is conducted by the Labour Inspection through the labour inspectors for occupational safety and health at work. However, **the human capacities of the MLSW responsible directorate for labour inspection and labour inspectors** in general are limited, and measures focusing on strengthening the Labour Inspection, both in human resources and professional training, are needed. Possibilities for further improvement are reflected in the strengthening of administrative capacities, cooperation with external experts and social partners in this field, cooperation with occupational safety and health authorities in terms of information and education for employers, improvement of information to the general public, as well as in the fact that it is for professional training for creators of policies and inspectors who supervise the implementation of the Law on Occupational safety and health at work and by-laws accompanying the law, using the instruments available as support including IPA, TAIEX.

The conclusion is that Montenegro recognized the potentials that lie in the development of protection and health at work and that the strengths are reflected in the establishment of a framework for the formulation of the policy of joint action of all actors, further improvement of the regulatory and establishment of the institutional framework.

Also, the formulation and implementation of the necessary program support is one of the priorities of the further development of Occupational safety and health. Nevertheless, it is necessary to have a clear focus on overcoming the perceived weaknesses, which are particularly related to insufficient administrative capacities, inconsistency of coordination and involvement in decision-making by key actors.

Social protection and social policy

Coverage of the material support has been low, leading to some of the most vulnerable members of society being excluded from social protection. Montenegro's social protection system is relatively centralised, especially with respect to financing, planning and policy design. Social assistance spending targeted toward the poor has remained low, as a result many people continue to live in poverty. Despite a sustained period of economic growth up until 2020, poverty in Montenegro has remained substantial. Reforming the current exclusionary criteria and reassessing the targeting method toward one more correlated with poverty status would help reduce some of the existing exclusion errors.

The current provision of social services is low and unable to respond to the increasing demand and needs of different groups. The area of social and child protection services has undergone significant reforms, but a minimum package of services is not provided nor defined. The availability and coverage of services is low, particularly of essential services for children and families. Target groups benefitting from the social protection services are children (approximately 28% of services), persons with disabilities (22%), elderly (17%), victims of violence (7%), youth (7.5%), families (7%) Roma and Egyptian population (8.5%) and other groups, such as LGBT persons, sexual workers, convicted persons serving prison sentences, gambling addicted persons and homeless.

Significant efforts have been made in the deinstitutionalization of childcare, but prevention, outreach and child, family and victim support services are scarce. In the last decade, **the share of children residing in residential institutions has been decreasing** to the point where no more children under the age of three lived in institutions

in 2019¹⁹. To support the deinstitutionalization process, the foster care system has been strengthened but still lacks emergency and foster care with intensive and additional support.

The government has piloted a 'Family Outreach Worker' service, which provides families with a professional's support at the initiative of the CSW who conducts three activities: (i) counselling the family with an individual service plan revised every three months (ii) empowering the family with practical organizational advice and (iii) providing information on how to access and use local resources such as existing support programs or local health centres. The service was discontinued at the beginning of 2021 but the Institute for Social and Child Protection recognized its relevance and recommended the service to be standardized. Children are, however, still being institutionalized presumably due to **lack of services to prevent family separation and foster care services**. This leads to residential institutions often being the only alternative in emergency situations. Expanding support for the development of professional care as well as establishing a robust foster care system with different types of foster care to respond to different needs are necessary to proceed with the steady progress on deinstitutionalization. In addition, a clear vision for expansion and sustainable financing of prevention, outreach and child, family and victim support services is needed to meet the basic/essential needs of those at highest risk.

Day care for children with disabilities is increasingly being provided but the **unclear financing of community-based services** is limiting progress. Most municipalities have functional day care centres for children and youth with disabilities, 17 of which were established by 2020. Such day care is co-financed by municipalities and the Ministry of Labour and Social Welfare. The supply of community-based services such as assisted living for adults with disabilities continues to be non-existent. Several day care facilities have been established and from March 2020 a home help service was financed from the national level. One of the main constraints, aside from the supply of professional staff, is the imprecise definition of financing of such services in the Law on Social and Child Protection.

Long-term care is limited by unaffordability of the professional service for a lot of elderly in Montenegro.

Since the elderly population is growing rapidly and to meet this increasing demand, the government has been investing in building residential institutions for the elderly, doubling its capacities in the last four years. The capacity for elderly care is increasing through the construction of residential institutions rather than community-based services. This focus on the expansion of residential institutions not only acts counter to the government's strategy of deinstitutionalization but will likely come with a significant fiscal burden in the coming years.

In addition, NGOs are playing an expanding role in the provision of services, but donor dependency and the lack of multiyear financing means their financing is often unsustainable. That being said, the number of users of community-based services for the elderly is still significantly higher than the number of residential services for the elderly (1,979 users of community-based services in 2019 versus 474 users of residential institutions in 2018). In September 2020, the Public Institution Home for the Elderly "Podgorica" and the Public Institution Home for the Elderly "Nikšić" were established with a total capacity of 478 users, further increasing the supply of residential elderly care. Given the aging population and the aim of deinstitutionalization an increase of the supply and quality of public (and non-public) provision of elderly services is needed.

Quality assurance and monitoring of all services need to be improved. In this regard, capacities of the MLSW and the Institute for Social and Child Protection, but also Social Inspection, need to be strengthened.

¹⁹ World Bank and UNICEF, Social Protection Situation Analysis, 2022:

<https://www.unicef.org/montenegro/media/22956/file/Social%20Protection%20Situational%20Analysis.pdf>

Combatting violence against women and domestic violence remains an important priority. According to an UNDP survey conducted in cooperation with the Ministry for Human and Minority Right in 2017 42% of women in Montenegro have experienced some form of violence (psychological, economic, physical, or sexual) from their husband and/or their partner in their lifetime, 74% of women never reported sexual violence that they experienced. Lack of adequately trained and numerous staff for dealing with the cases of violence against women is identified as one of the major issues. The unified database on cases of violence against women is not in function because the data from the CSWs and the Police Administration are still not sufficiently aligned. The Institute for Social and Child Protection has accredited several trainings, but only a small number of trainings is being organized. Strengthening capacities of the social welfare system and a multidisciplinary response to address gender-based violence shall be achieved through capacity development (capacity development will include – tailored trainings, on-the-job trainings, mentorship, and networking).

The creation of an enabling environment that will assure the development of a policy framework, development of bylaws, code of conduct, cross institutional coordination and cooperation, databases and interoperability and data exchange among institutions and NGOs and the digitalisation of services for victims of GBV, is needed.

Strengths, Weaknesses, Opportunities, Threats

| | Employment and Labour Market | Social Protection and Social Policy |
|------------------|--|---|
| Strengths | <ul style="list-style-type: none"> • Employment and activity rate is increasing. • Employment dominant in high potential sectors like services. • A comprehensive national strategic and legal framework in place, as well ongoing processes for its improvement; Employment Action Plan for 2023 adopted together with action plan for the interoperability of selected information systems and databases that have a role in governing Montenegro's labour market. • EAM regional structure allows implementing services in the whole country. • Social dialogue is established. • All stakeholders have increased awareness about health and safety and rights. | <ul style="list-style-type: none"> • Policy and legislative framework are in place, governing the social protection and inclusion system in the country, aligned with the European Pillar of Social Rights. • Professional and institutional experience in the social protection area. • Strong foster-care system. • A network of social service providers, civil society organisations, etc. is developed, as well as gradually advanced. • Introduced system for licencing providers and financing of licensed and authorized providers of social services. • Social solidarity for vulnerable groups is still strong. |

| | | |
|------------|--|---|
| Weaknesses | <ul style="list-style-type: none"> • Labour resources are diminishing and are unable to respond to the economy needs • Labour market gender gap still exists (high activity rate, low employment rate of women) • High rate of inactive young people (15-29) • Informal employment remains high. • High number of NEETs • Young people, women, RE, PwDs, the low skilled are still the most disadvantaged on the labour market, most of them are long-term unemployed. • Presence of labour market mismatch • Regional disparities of unemployment and considerable regional differences in employment opportunities • EAM structures and operations not conducive to the provision of quality and individualised activation measures • Lack of ALMP customised services for disadvantaged groups and insufficient capacities of EAM to deliver new model of employment services for clients. • Lack of capacities and organisational constraints of the labour inspectorate • Social entrepreneurship is in the early stage of development. • Insufficient support for stimulating the development of social entrepreneurship. • Inefficient institutional structure and capacities of OSH institutions, inadequate coordination between individual institutions dealing with Occupational Safety and Health (OSH) • Non-compliance with the legal provisions of Occupational Safety and Health by employers | <ul style="list-style-type: none"> • High share of people at risk of poverty and social exclusion, especially children • Current social services are unable to respond to the increasing demand • Uneven geographical distribution of community-based services; very few in north and in the rural areas in the country • Insufficient institutional capacity (MLSW, Institute for Social and Child Protection, Social Inspection, CSWs) need to be improved. • Limited institutional and administrative coordination at central, regional, and local levels for the implementation of social services, including child protection services. • A limited number of specialised and qualified providers to provide adequate social services. • Unfavourable working conditions of caregivers hired to provide the service, which reflects the quality of the service and the attractiveness of this profession. • Limited gender analysis and gender policies • Lack of capacities of public institutions in GBV policies |
|------------|--|---|

| | | |
|----------------------|---|---|
| Opportunities | <ul style="list-style-type: none"> • Stable macroeconomic situation enables creation of new jobs • The EU accession process offers opportunities to drive and accelerate through essential revisions and improvements in the sectoral legislative and policy framework. • Green & digital transition opportunities • Due to ageing Montenegrin population, there is an opportunity to invest in re-skilling and upskilling of Roma who are mostly young population • Availability of EU finance support in employment • Readiness of social partners in supporting flexible working arrangements • Willingness of key stakeholders (state administration, specialized government agencies, social partners and civil society organisations) to cooperate in employment sector. • Significant potential for the development of the social enterprises • Positive public attitude to safety and health at work | <ul style="list-style-type: none"> • The EU accession process offers opportunities to drive and accelerate essential revisions and improvements in the sectoral legislative and policy framework • Availability of EU finance support in social area • The size of the country opens up the possibility of combined national and local planning of services • Increase of interest in development of social services in the community • Set up of the new policy framework for GBV |
| Threats | <ul style="list-style-type: none"> • The ageing population and emigration pose challenges in the labour market • Lack of political consensus on development of entrepreneurship forms adapted to disadvantaged groups • External economic shocks due to global economic crisis, macro-economic developments and influence to Montenegro labour market • Slow implementation of reform processes closely related to constraints of the state budget and lack of financial resources • Migration of the skilled workforce to EU due to better wages and working conditions • Imbalances between the supply and demand side of the labour market • Lack of tradition of trust among the social partners. | <ul style="list-style-type: none"> • Demographic, family and value changes that reduce the role of the family in caring for the elderly and people with disabilities • Frequent political changes at the national and local level can lead to significant delays in the sector implementation reforms. • Insufficient activity of local authorities and NGOs in planning and implementation of community-based services • Increasing social differences between individual categories of social groups, thus generating social exclusion • Insufficient activity of public institutions in implementing GBV policies |

3. Overall Objective(s) and Specific Objective(s) of the Operational Programme

The overall objective of Operational programme “Employment and Social Inclusion” is to promote social rights and employment opportunities of vulnerable groups in Montenegro.

The specific objectives of Operational programme “Employment and Social Inclusion” are **to improve employment**, access to employment and activation measures for all jobseekers, especially youth and vulnerable groups, **to improve access of quality social services** provided to vulnerable groups (children and young people without parental care, persons with disabilities, GBV victims, Roma children etc.) and **to increase country’s readiness** under the relevant acquis chapters in accession negotiations.

3.1 Coherence with the IPA III Programming Framework and with the Specific Policy Instruments of the Enlargement Process

One of the EU flagships in the EU Economic and Investment Plan for the Western Balkans is the Youth Guarantee Scheme, as the most important EU flagship scheme in education, training and employment for the years to come. To address the challenge of youth unemployment, with the emphasis on NEETs, the Government of Montenegro committed to establish and implement the Youth Guarantee Scheme following the Implementation Plan which is expected to be adopted soon. Both the education and labour market policy sectors will need to address this important challenge.

The challenge of youth unemployment, NEETs included, has been also identified as a structural challenge in Montenegro by the European Commission Assessment of the Economic Reform Programme of Montenegro 2023-2025 and the Montenegro Report (Enlargement Package for 2022). This population group is faced with significant difficulties in transitioning from education to employment, a mismatch between the skills acquired through formal education and the skills in demand on the labour market, but also too few relevant job opportunities available for them. In this sense, one of the main recommendations is to ensure reform and strengthen EAM capacity so they are ready before the youth employment measures under the Youth Guarantee programme are rolled out. In addition to youth, the persistently low rates of labour market activity and high unemployment among other vulnerable groups (women, low-skilled, Roma and people with disabilities) are also one of the main challenges Montenegro is dealing with when it comes to just and fair economic growth and improved living standards. It has been observed that although some support is available for all these groups by way of employment and education programmes – active labour market policies, these do not seem effective enough in supporting the mentioned groups to better prepare for or integrate into the labour market.

In terms of social protection and inclusion, both above-mentioned documents highlighted the need for reform of the social protection system. In order to respond to the strong need to establish a well-coordinated and better-targeted social protection system that provides adequate support to the most vulnerable while also supporting labour market policies, Montenegro introduced the reform measure dedicated to the reform of the social and child protection system in the ERP 2023-2025 announcing the plan to develop a National Social and Child Protection Strategy that would integrate all existing social protection strategies, prioritise reforms and budget them, thus leading to an overall better coordinated social protection system reform. The Montenegro 2022 Report reiterated the need to adopt and implement the strategy on de-institutionalisation, specially identifying that when it comes to de-institutionalisation of children in care no progress has been registered in the transition to community and family-based services. In terms of institutional capacities, the observation is that the social protection and inclusion sector continues to face serious human resource and capacity limitations and that the social welfare centres still do not have the capacities to help the Ministry to implement the transition from institutional service provision to community-based care. As for the financing, the conclusion is that the social services provided at local level continue to be underfunded.

The need for continuing efforts on improving Occupational Safety and Health at work, monitoring the implementation of the Labour Law, and ensuring the consistency of consultations with the social partners remain as recommendations.

In terms of administrative capacities of the structures dealing with EU funds, the Montenegro 2022 Report for the Chapter 22 - Regional policy and coordination of structural instruments highlighted the need to investing in increasing and consolidating the administrative capacity of central, regional and local bodies to more effectively safeguard IPA funds, and to put in place a structure to manage future cohesion policy funds. The institutional set up and the system for management of IPA funds in indirect management still needs to be adapted to IPA III requirements. Decisions on the appointment of institutions and bodies that will implement IPA III should be formalised urgently, taking into account their future role in cohesion policy.

All interventions to be financed under the Operational Programme “Employment and Social Inclusion” 2024-2027 fall within the overall objective of the EU’s assistance under Window 4 – Competitiveness and Inclusive Growth of the IPA III Programming Framework which aims to strengthen economic and social development, including through education, innovation, social inclusion and employment policies, with a specific focus on private sector development as well as agriculture, rural and industrial development.

More specifically, the interventions will follow the key priorities under Thematic Priority 1: Education, employment, social protection and inclusion policies, and health, especially those which aim to increase labour market participation and employment in particular for youth, women and people further away from the labour market; to develop on-the-job training, re-skilling and up-skilling active labour market measures as well as adult remedial education; to strengthen social dialogue and consultations of social partners and civil society organisations; to ensure that financial assistance will work to solidify community-based services with a particular emphasis on child-protection systems and other social services; and to ensure the development of social entrepreneurship in line with EU standards helping to create both societal and economic benefits.

4. Operational features of the programme

4.1. Interaction of the programme with IPA III annual action plans or measures and interventions from other donors/International Financial Institutions

Consistencies, synergies, and complementarities between different interventions among programmes and investments in Montenegro are essential for ensuring maximum impact of IPA assistance for Montenegro. The Montenegro IPA III Strategic Response outlines the areas of EU financial assistance under IPA III. All investments are in line with ongoing programmes of sectoral policies development, investment planning and institutional reforms stemming out of the accession negotiations reports and European Commission recommendations.

The Operational Programme for Employment and Social Inclusion (OP ESI) envisages complementarities with the other IPA III annual action plans and interventions. Coordination is needed to avoid overlapping of interventions and maximise the synergies between windows as well to contribute to more efficient delivery of the national objectives in line with the objectives of the EU Enlargement policies and to maximize the benefits of the IPA assistance.

Investments within the OP ESI are well aligned with the other important employment and social policy investments planned through the *Action Document for Employment and Social Policy in Montenegro - Preparation for Sectoral Operational Programme 2024-2027 implementation* (AD 2024) and the amendments to the *2022 Sector Budget Support for Public Administration Reform and its new complementary measures* (SBS 2022).

The Action plan 2024 includes wide range of preparatory activities for the implementation of OP ESI 2024-2027 in all areas of support aiming to ensure the maturity of actions foreseen for financing under OP ESI 2024-27, including targeted policy, institutional and stakeholder coordination within the ESP sector, as well as capacities of

the Employment and Social Policy institutions in charge for the policy implementation, social partners and civil society organisations.

In addition to the AD 2024, Sector Budget Support for Public Administration Reform will include capacity building for the institutional and administrative capacities of the Operating Structure to manage IPA III OP ESI satisfactorily under indirect management with ex-post controls together with the preparatory activities for the future implementation of the ESF+.

Both AD 2024 Action plan, the SBS 2022 and OP ESI have several inter-related points and demarcation lines, ensuring careful coordination and complementarity without overlapping.

Programme investments in **labour market and employment policy** will lean on the actions planned within several sources of funding, namely:

“Technical Assistance Instrument of the European Commission and the International Labour Organization for the Concept and Implementation of the Youth Guarantee in the Western Balkans” supports the efforts of Montenegro in establishment of sound Youth Guarantee since November 2021. The main goal of the action is to introduce and establish in Montenegrin system YG Programme to increase employability and employment of youth (with particular emphasis on NEETs) and other vulnerable groups in the labour market.

On its foundation, **Twinning project “Strengthening capacities of the Employment Agency of Montenegro in terms of Active Labour Market Measures implementation, future participation in European Social Fund and facilitation of labour force mobility”** is further supporting establishment of all the preconditions in the EAM to be able to start the implementation of the YG programme, specifically reform of the organisational structure of EAM, introduction of the IT system accessible to users, which can record and consolidate the main indicators for YG, strengthening the provision of services at the local level and revision of design, targeting and modalities of implementation of active measures to increase their effectiveness.

Another complementary project is project **“Strengthening the operational capacities of the EAM to deliver the active policy on employment of Montenegro through digitalization”** in the period of February 2021 till June 2023, focused on a two-pronged approach that relies on the strengthening the administrative capacities and technical competences of the EAM at central and local level as an agent of change that can have systemic impact on the governance of the labour market and employment outcomes of clients; and piloting with the EAM staff of improved procedures and workflow which will be reflected in the content and processes of the new ICT platform.

Action Document for Employment and Social Policy in Montenegro - Preparation for Sectoral Operational Programme 2024-2027 implementation will follow on the activities already implemented through previous preparatory actions, with the focus on improvement of the existing and establishment of the new processes in EAM, further support in the implementation of the YG implementation plan and preparatory activities for the delivery and monitoring of the YG model. Support is also planned for legal and institutional framework for social entrepreneurship as a precondition for implementation of OP ESI activities.

Social inclusion investments within the programme are aligned with other donors’ actions and projects:

The United Nations Development Programme (UNDP) provides administrative and technical assistance in the areas covered by the OP ESI, in particular, in the area of social and child protection. The project **“Development of capacities for the provision of social protection services in Montenegro”** during the period of December 2013 – December 2024, is providing support to the establishment and delivery of social protection services to the most vulnerable groups, along with the development and improvement of facilities for the provision of social protection services throughout the country.

Regular assistance is provided through other specialized UN offices operating in Montenegro, such as United Nations Fund for Children (UNICEF) which provides support in child protection. Recently implemented project **“Roadmap of reforms: social assistance and social and child protection services in Montenegro”**, reviewed the Social Protection System in Montenegro and was conducted in cooperation with the Economic Policy Research Institute (EPRI) in 2019.

Synergies can be found with the United Nations Development Programme (UNDP) which provides support for improving capacities in social welfare system in Montenegro. Project “*Strengthening the capacity of the social and child protection system in Montenegro*” (IPA II, 2019 – 2021) was implemented with the objective to improve the administrative and professional capacity of the social and child protection system at the national level in the field of policy making and quality assurance by providing support to local governments, CSW and local service providers in improving existing and developing innovative mechanisms for community identification, allocating sufficient resources and effectively monitoring services and needs of citizens and end users.

Multi-country Multiannual Action Programme in favour of the Western Balkans and Turkey for 2021-2022 “*Strengthening employment, labour and social protection systems and policies in the Western Balkans with SOCIEUX+*” envisages the countries of Western Balkans to access to the European Union Expert Facility on Employment, Labour and Social Protection (SOCIEUX+) where support is being provided for the legal and institutional frameworks for the provision of effective and efficient social protection coverage and capacity building for social protection programmes, systems and policy implementation.

The Action Document for Employment and Social Policy in Montenegro - Preparation for Sectoral Operational Programme 2024-2027 implementation is an important element for the establishment of all preconditions for programme implementation (provision of social services planned within the programme). Support is planned for capacity building activities for the institutions implementing employment and social policies as providers of services to persons in employment and social sector. Also, as part of the preparatory activities for the OP ESI implementation, development of various bylaws and procedures that are regulating norms and standards for providing services will be supported together with the preparation of revised Transformation Plans for social institutions.

Investments in the **capacity building support** are well aligned with all complementary interventions, more specifically with *Sector Budget Support for Public Administration Reform*, that will focus its activities on the enhanced recruitment and capacity building to prepare the Operating Structure for OP ESI 2024-2027 for efficient and effective use of EU Cohesion Policy instruments, namely European Social Funds (ESF+). In addition, activities are planned for the coaching needs analysis, staff training, educational preparation activities and development of effective recruitment policy for the ESP sector bodies to be able to plan and implement IPA III programme but also with a view to future ESF+.

Complementarity at action and activity level will be enhanced through close co-operation and coordination between the established inter-ministerial, inter-agency and stakeholder coordination within the ESP sector, where timely exchange of information and recent developments between different institutions will be ensured. Through its work, joint planned actions of institutions in the ESP sector will be agreed upon and monitored. This will ensure synergies in implementation of the programme and coherence in timing.

4.2 Description of the programme

4.2.1 Intervention Logic

This Operational programme is designed to contribute to the promotion of social rights and employment opportunities of vulnerable groups in Montenegro (*Overall Objective*).

It is expected to have more people, including the vulnerable groups, in training, employment, with quality jobs that offer decent pay and work-life balance. Moreover, more vulnerable people in society will be able to benefit from an extensive range of quality social services.

Changes generated by the programme in **three areas of support** will jointly contribute to the above-mentioned expected impact.

In the area of the **Inclusive Labour Market (AoS 1)**, it is expected that the programme will lead to higher participation in the labour market of supported vulnerable persons including marginalised groups, particularly youth and NEETs, but also Roma and Egyptian population, Persons with Disabilities (PWD), women and long term unemployed, ensuring they are either in employment or actively searching for a job, or in the case of NEETs,

returned to education or training. In addition, new and existing supported social enterprises will be able to operate and fulfil their role in an inclusive labour market.

In the area of **Social Inclusion and Protection (AoS 2)**, the programme will directly lead to better access to quality social services addressing vulnerable people throughout Montenegro. The programme interventions will also ensure that vulnerable people improve their social situation by benefiting from the financed services. Thus, institutionalised persons will benefit from new life conditions in a deinstitutionalised support system, elderly will benefit from improved social life and care, women, victims of GBV and domestic violence will be able to adequately address violent situation, children without parental care will improve their outcomes in life through early support services, etc.

In the area of **Administrative Capacity Support (AoS 3)** the programme aims to ensure that institutions responsible for the development of the ESP have adequate capacities for fulfilling the obligations under the *acquis communautaire* and institutions involved in management and control system of IPA III and in the future ESF+ will have adequate capacity for successful implementation of the programme. Implementation of labour policies together with strengthening of social dialogue will be improved.

Contexts

The programme interventions are targeting the most vulnerable groups for each area of intervention as identified and prioritised in the national strategies.

Area of Support 1 – Inclusive Labour Market

The main target groups in this area of support are the unemployed population, in particular the most vulnerable sub-groups, i.e. youth (15-29 age), including NEETs, as well as long-term unemployed, persons with disabilities, Roma and Egyptian population, low skilled, women and others. The experience in supporting vulnerable groups so far has shown that they are usually lacking skills for the labour market demand, are difficult to reach and to include in the ALMPs or other EAM services. Therefore, tailored measures are needed.

The intervention mechanism linking support to the expected change of the targeted subgroups is based on a mix of complementary support measures including identification and activation, integrated ALMP services (training, employment subsidies, self-employment etc.). To ensure adaptation of the services to the specific needs of the subgroups, EAM will benefit from new standards and procedures, digitalisation of its business management processes, **and its staff as a target group** will benefit from training for skills development directly linked to the services provided.

The **logic of the intervention** can be summarised as follows.

If the coherent mix of Active Labour Market support measures is implemented, tailored to the sub-groups specific needs, complemented with the enhanced EAM business processes and staff skills that support the activation of vulnerable groups (either by increased level of skills/qualification or their better attitude related to work or through available self-employment grants and/or incentives to employers to integrate vulnerable persons through subsidised jobs), then the employment rates and employability of vulnerable groups will be boosted. The aim is that a significant portion of the supported participants remain in employment in the long-term.

Through the implementation of the ALMPs, equal opportunity and non-discrimination principle will be respected, having in mind the principles of EU Charter of Fundamental Rights and the UN Convention on the Rights of Persons with Disabilities.

Assumptions: YG Implementation Plan 2023-2026 adopted and in implementation, EAM reorganisation conducted, revision of the design of the ALMPs

An important target group consists of social entrepreneurs and potential social entrepreneurs. To reach the expected outcome (creating and strengthening of social enterprises to be able to operate on the market), the support is targeting the two sub-groups, existing social enterprises and those that want to become one.

The **logic of the intervention** can be summarised as follows.

If new and existing social enterprises are supported to develop and create employment and business activities, then the social enterprises will be able to operate more efficiently on the market and be able to return the investment in the community. However, key assumption is the development of the institutional and legal system for social entrepreneurship to ensure that the supported social enterprises develop and efficiently operate.

Assumptions: Adoption of the legal framework on Social Entrepreneurship and establishment of the Register of social enterprises.

In their design, labour market investments (ALMPs, grants for social entrepreneurs, EAM processes and capacity building activities) will integrate the principles of mainstreaming, including gender equality, diversity, and non-discrimination.

Area of Support 2 – Social Inclusion and Protection

The main target group in this area of support are vulnerable groups, such as children without parental care, persons with disabilities, children with disabilities and difficulties defined in the plans for transformation, ROMA children, people at risk of poverty, elderly, homeless, children and youth at risk, victims of domestic and gender-based violence etc. The experience in providing social services so far has shown that there is a significant lack of access to social services throughout the territory of Montenegro. Therefore, widening the access to social services is needed and will be supported through the programme interventions.

To ensure the provision of services for GBV victims, a new policy framework will be established and all public institutions **staff implementing GBV policies as a target group** will benefit from capacity building activities to be able to efficiently implement policies in line with the Istanbul Convention.

The intervention mechanism linking support to the expected change of the targeted groups is based on a mix of interventions, aiming at provision of social services to vulnerable groups and their accessibility on the whole territory of Montenegro.

The **logic of the intervention** can be summarised as follows.

If there is an increase in the delivery of social services to the most vulnerable groups (such as organized housing, personal assistance, sign communication intermediaries, therapy, mediation, and assistance in crisis situations etc.) on the territory of Montenegro where there is a no services at all or there is lack of services and targeted support to the GBV policy development, then the accessibility of quality social services will be increased to all targeted vulnerable groups throughout the territory of Montenegro. The social situation of vulnerable groups would also be improved. Targeted assistance to vulnerable groups can contribute to positive changes in their well-being and social inclusion.

Assumptions: Adoption of relevant national legislation is a precondition to enable high quality standards in providing social services, namely, Law on Social and Child protection, National Social and Child Protection Strategy, National Strategy on de-institutionalisation.

In its design, social service investments will integrate the principles of mainstreaming, including gender equality, diversity, and non-discrimination.

Area of Support 3 – Administrative capacity support

In this area of support the first target group are employees working in the management and control system of IPA III programme.

The intervention mechanism linking support to the expected change of the targeted groups is based on a mix of interventions aimed at well-functioning management and control system in line with IPA III requirements for the effective delivery of the programme interventions.

The **logic of the intervention** could be summarised as follows:

If technical assistance activities to management structures of IPA III are provided and the structure is strengthened, then Montenegro will ensure well-functioning management and control system for the OP ESI and will have sufficient capacities for the future ESF+ management.

Assumptions: It is assumed that there will be a limited turnover of permanent staff within the structures for management and implementation.

The second target group in this area are the national authorities that will be responsible for implementation of the National Action Plan for the implementation of the European Child Guarantee. The intervention mechanism linking support to the expected change of the targeted subgroups is based on the activities that will secure setting up the structures and ensuring effective implementation National Action Plan for the implementation of the European Child Guarantee.

The **logic of the intervention** could be summarised as follows:

If support is given to the national authorities for setting up the structures for the National Action Plan for the implementation of the European Child Guarantee, then Montenegro will have the tools for implementation of the coordinated policies targeting vulnerable children in Montenegro.

The third target group is represented by key entities with responsibilities in labour policies and health and safety at work, including social partners.

The **logic of the intervention** could be summarised as follows:

If support to labour institutions together with social partners is given, then their capacities for the successful implementation of the aligned *acquis* policies will be ensured and social dialogue will be strengthened.

Impact / Overall Objective

To promote social rights and employment opportunities of vulnerable groups in Montenegro.

**AREA OF SUPPORT 1
INCLUSIVE LABOUR
MARKET**

Specific Objective (Outcome)

1. Improved employment, access to employment and activation measures for all jobseekers, especially youth and vulnerable groups

**AREA OF SUPPORT 2
SOCIAL INCLUSION AND
PROTECTION**

Specific Objective (Outcome)

2. Improved access of quality social services provided to vulnerable groups (children and young people without parental care, persons with disabilities, GBV victims, ROMA children etc.)

**AREA OF SUPPORT 3
ADMINISTRATIVE
CAPACITY SUPPORT**

Specific Objective (Outcome)

3. Increased country's readiness under the relevant *acquis* chapters in accession negotiations

Typology of outputs

1.1. Improved youth employment opportunities and skills, through the implementation of YG

1.2. Improved employment and skills of vulnerable groups in the labour market through ALMPs and improved EAM operational capacities and processes

1.3. Improved ecosystem for social entrepreneurship

Typology of outputs

2.1. Quality social services implemented in the new regional/local areas and residential institutions transformed

2.2. Strengthened capacities of the authorities for the implementation of the GBV policies

Typology of outputs

3.1. Improved EU funds management and control system in the employment and social inclusion sector in accordance with EU requirements

3.2. Strengthened capacity of national authorities for effective preparation, planning, coordination, and monitoring of the implementation of the National Action Plan for the implementation of the European Child Guarantee

3.3. Strengthened capacities of labour institutions and social partners in aligning its policies with the *acquis communautaire*

4.2.2 DETAILED DESCRIPTION OF EACH AREA OF SUPPORT

AREA OF SUPPORT 1: INCLUSIVE LABOUR MARKET

Rationale: Despite the recovery of the labour market in Montenegro in 2022 from the adverse effects of the Covid-19 pandemic and economic consequences of Russia's war against Ukraine surging inflation, main challenges in employment and social policy remain valid. The labour market still faces problems with employment and activity rates in general as they are well below EU average. However, this is especially prominent for women, youth (15 – 29), older workers, RE population, long-term unemployed, in addition to persistent significant regional disparities in employment across Montenegro. As the main institution in the labour market, Employment Agency (EAM) lacks capacities to deliver measures that will address labour market challenges. In that context, important investments are planned from the preparatory activities preceding the programme implementation but also for the programme investments aimed at increasing employment and participation in the labour market.

The inclusion of young people (15 – 29), especially NEETs in the labour market is of particular importance for Montenegro. Recent data show (May 2023) that the NEETs rate (youth 15-29 not in employment, education and/or training) decreased to 23.2% compared to 26.5% in 2021. Last available data shows that there are approximately 33,500 NEETs in Montenegro.

To tackle this policy challenge, Youth Guarantee programme (YG) will be implemented. The institutional focal point for the YG scheme and the Working Group that manages its setup is in place and worked on the finalisation of the YG Implementation Plan. Youth Guarantee programme will ensure that young people (15-29) who are not employed or involved in education or training (NEET) receive a job offer or continue their education or training within the period of 4 months after their registration. There are initial YG investments planned within the preparatory phase preceding the programme implementation that are mostly aimed at setting up the system and piloting the implementation. Through the programme investments, all registered youth will have the opportunity to benefit from Active Labour Market Policy (ALMP) measures (upskilling and reskilling, subsidies, self-employment etc). Also, in partnership between EAM, civil society organisations and social partners, outreach activities are planned in the local communities. Through investments in the YG programme, it is planned that the share of NEETs in Montenegro is reduced.

In addition to the unemployed youth, there are also other vulnerable groups in the labour market that face different, sometimes multiple barriers. Registered unemployment within the EAM shows a higher percentage of unemployed women than men. In January 2023, there were 57.2% or 25,668 unemployed women within the total active unemployed. Data on the registered unemployed persons emphasise the long-term unemployed challenge. By the last data, 40.8% or 18,312 persons, of all registered unemployed were long-term unemployed persons. Educational attainment of the registered unemployed shows that there is relatively high level of unemployed (34.3% or 15,419 persons) without any education or only with primary education.

Programme investments will focus on all vulnerable groups, more specifically, women, long-term unemployed, persons with a lower level of qualifications, older workers, Roma and Egyptian population, persons with disabilities. To enhance their employment, EAM will implement active labour market policies targeting these groups (such as support for self-employment, employment subsidies, upskilling and reskilling measures having in mind dual transition, traineeship programmes etc).

Special attention will also be set on upskilling and reskilling measures. Mismatch of workforce skills and labour market needs together with the low share of the adult population in lifelong learning has a major impact on the lower level of labour market participation. Relevant data indicate insufficient investment in acquiring new and improving existing skills. In 2020, only 2.7 % of adults participated in education or training, while the EU average was 9.1% (2020) and 11.9% (2022). Without skills relevant for the existing and future labour markets, inactivity and unemployment rates cannot be improved. Well trained people ready for new challenges and technologies are crucial for a prosperous economy. This challenge will become even more pronounced in the context of dual transition and development of artificial intelligence. Therefore, significant investments are planned in the acquisition of new skills for unemployed vulnerable groups and youth through ALMPs training measures.

While Employment Agency regularly implements ALMP measures with the approximately yearly inclusion of 1.400 unemployed persons, limited funding through national budget has an impact on the accessibility of ALMP measures. Reform of the business processes of the Employment Agency to deliver Active Labour Market Policies is a crucial step in enhancing the effectiveness and efficiency of its services and increases its capacities for inclusion of more vulnerable groups in its services and ALMPs. There are several key areas where investments are planned to address the weaknesses and improve the overall functioning of the EAM. There is an ongoing reform of EAM organisational structure, system for provision of services to clients and ICT development of the system to enable digitalisation of part of its processes. Leaning on the already started actions, through this programme support will be given for the continuation of reform activities. By investing in the Employment Agency's new business processes including data collection, analysis, and design capabilities, delivery of services and ALMPs will improve in quality and accessibility. This will contribute to improving employment outcomes of vulnerable groups.

This programme also aims at strengthening the development of social entrepreneurship in Montenegro. Currently, there is a lack of a robust ecosystem for social entrepreneurship, combined with a lack of national regulatory framework. Lack of a formal definition of a social enterprise and related criteria recognition leads to non-recognition of these entities on the market. To support the growth of social enterprises, the program will provide further assistance, which will directly impact access to employment opportunities and promote social inclusion for the most vulnerable groups.

Applicable EU legislation: The Enlargement Package, Montenegro 2023 Report, recommendations for Chapter 19: Social Policy and Employment include recommendations for reform and strengthening of the Employment Agency, to prepare it for the implementation of the Youth Guarantee and the future use of the European Social Fund (ESF), to continue efforts to reform the provision of active labour market policy measures with an emphasis on their labour market relevance.

Outcomes (Specific objectives):

1. Improved employment, access to employment and activation measures for all jobseekers, especially youth and vulnerable groups

Typologies of outputs: To achieve this outcome within this area of support, four key types of outputs will be achieved:

- 1.1. Improved youth employment opportunities and skills, through the implementation of YG
- 1.2. Improved employment and skills of vulnerable groups in the labour market through ALMPs and improved EAM operational capacities and processes
- 1.3. Improved ecosystem for social entrepreneurship

Impact, outcome, and output indicators (incl. baselines and targets):

| <u>Indicator</u> | <u>Baseline 2022</u> | <u>Target 2032</u> | <u>Source</u> |
|---|---|--|------------------------------|
| IMPACT | | | |
| Unemployment rate, <i>by gender, age and persons with disabilities</i> % | Total: 14.7 Male: 16.2 Female: 12.8 | Total: <11.6 Male: <12.2 Female: <11 | UNSTAT |
| OUTCOME | | | |
| Percentage of unemployed who are in employment within 6 months after participating in ALMP measures | 0 | 30% | Implementation reports/ EAM |
| Number of social enterprises supported by the programme active 6 months after the end of the intervention | 0 | 15 | Implementation reports/ MLSW |
| OUTPUT | | | |

| <u>Indicator</u> | <u>Baseline 2022</u> | <u>Target 2032</u> | <u>Source</u> |
|--|---------------------------------|-------------------------------|--------------------------|
| Number of youth (15-29) who complete a YG supported intervention by type of ALMP measure or service (<i>disaggregated by gender</i>) | 0 | 4700 | Project reports/ EAM |
| Number of vulnerable persons supported by the programme by type of ALMP measure or service (<i>disaggregated by gender</i>) | 0 | 2600 | Project reports/ EAM |
| Number of social enterprises created | 0 | 20 | Project reports/ MLSW |
| Number of jobs created in social enterprises which were supported by the EU-funded intervention | 0 | 55 | Project reports/ MLSW |
| Number of EAM business processes in implementation | 7 | 10 | Project reports/ EAM |
| EAM staff trained for supporting jobseekers | 0 | 90 | Project reports/ EAM |

Type of activities

Output 1.1. Improved youth employment opportunities and skills, through the implementation of YG

Description of eligible activities, including major projects:

Context

Through preparatory actions preceding the programme implementation, EAM will set the basis for the implementation of the YG programme in Montenegro. Firstly, NEET mapping protocols together with EAM ICT system that will support all the processes will be developed, special “line/protocol” for youth that register for the YG at EAM will be developed offering guidance and counselling activities, together with outreach activities in cooperation with NGOs and employers. Online pre-application (*online registration for youth, jobseekers, employers*) will be developed jointly with the statistical profiling for priority services based on the needs, and group and individual counselling (expert advice on education and training, as well as employment and self-employment opportunities). Based on this framework, OP ESI programme will gradually continue with the implementation and/or adjustments of already reformed services and implemented activities, mostly focused on the implementation of the ALMPs (*offer*) through YG, since most of the prerequisites will already be in place.

1) *Implementation of outreach activities and services for young people offering support for activation*

The outreach component supported through this programme will be implemented in partnership with civil society organisations, youth councils and other youth organisations, social partners, EAM, municipalities, or other organisations. Outreach activities have the final aim of leading to the registration of NEETs with the Employment Agency as a job seeker to be included in the Youth Guarantee scheme. This activity will follow on the already implemented EAM outreach activities and will be well coordinated in timing and implementation.

The activities will include support to young people, including NEETs through information campaigns and targeted communication activities to attract young people to available services. Youth will be actively included in the design, promotion, and awareness-raising activities. Different interventions to identify, contact and engage NEETs, together with the implementation of the individual activity plans, targeted support with the aim of activation (soft and/or transversal skills or digital skills) as well as integration programmes delivered locally in the community (youth clubs, community-based organisations etc.) will be supported. Cooperation with local social services and other local youth organisations are envisaged to reach out to vulnerable youth on the ground together with campaigns for engaging employers and connecting them with unemployed for the potential of recruitment.

2) Implementation of active labour market policy measures for youth

After the outreach following by the first registration and initial activation services, EAM will offer a range of active labour market measures to vulnerable youth that include employment, trainings (with the emphasis on dual transition) and traineeship programme. Through preparatory actions ALMP measures will be reformed in its content to respond to the labour market needs. New measure “Traineeship programme” is planned to be developed until the end of 2026. Its implementation will be supported through this programme.

However, before the offer of available ALMP measures, special approach in mapping and outreach activities will be applied to the most marginalised groups, such as Roma and PWD through YG protocols implemented through the preparatory actions preceding the programme implementation. Outreach activities implemented by EAM and civil society organisations in preparatory activities before the start of the programme implementation will also have a significant role in attracting and activation.

Employment offers will include employment subsidies in general, employment subsidies for first employment, that focuses on the university graduates and dual education students, self-employment grants and business subsidies. Training and traineeship will include education and training programmes in education institutions and work-based training with employers targeting young people. Training for starting a business will be supported as well.

Start of the YG implementation is planned as a piloting phase in three regions from 2025. In the following years it will be implemented throughout the whole territory. Support from the programme will continue the first activities that will already be implemented by EAM in the preparation and piloting phase.

Delivery methods: *service contract(s), grant(s)*

Service contracts and grant(s) will be provided for a delivery of YG programme to broaden the extent of the active labour market measures and EAM services according to the needs of vulnerable and marginalised target groups.

Service contracts and grant(s) is awarded via EAM as Contracting Authority to the end recipients.

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives,
- Contribution to the Programme indicators,
- Quality and feasibility of the action,
- Clearly defined needs of the target groups related to the Programme objective,
- Financial and operational capacity,
- Complementarity with other actions within the specific policy area,
- Sustainability of the action.

End recipients and target groups:

Target groups are the following:

- Young people (15-29), including marginalised youth such as RE population, PWD, NEETs

End recipients are the following:

- Adult education training providers (institutions)
- Youth Organizations, other partner organisations
- Entrepreneurs, employers
- Unemployed persons starting their business

- Employment Agency

Conditions: Conditions for the start of the activities are under way. YG Implementation Plan 2023-2026 as a key strategic document has been prepared and is planned to be adopted by the Government. Also, preparatory activities for the EAM reorganisation are under way, its capacity to implement the Youth Guarantee will be strengthened to enable it to fully implement YG programme. Reforms for the effective YG implementation include the revision of the legal framework governing employment promotion, that is planned for the year 2024. YG pilot project will start in 3 regions in Montenegro from the year 2025, after which it will be implemented nationwide. This allows for the gradual increase in scale of the actions. EAM will steadily increase its resources for implementation of the YG programme throughout the implementation period of this programme. A detailed plan will be presented in the grant application.

Output 1.2. Improved employment and skills of vulnerable groups in the labour market through ALMPs and improved EAM operational capacities and processes

Description of eligible activities, including major projects:

- 1) Implementation of the ALMP measures and services for vulnerable groups, with the special emphasis on RE population, PWD, long term unemployed, women and persons with low level of qualification

With the aim of increasing the employment rate in Montenegro, investments are planned for the implementation of **active employment policy measures and targeted EAM services with the emphasis on vulnerable and marginalised groups**, such as long-term unemployed, persons with a lower level of qualifications, older workers, Roma and Egyptian population, persons with disabilities, unemployed women, beneficiaries of guaranteed minimum income and others identified as vulnerable in the labour market according to the national definition stemming from strategic documents. Revision of design, targeting and modalities of implementation of ALMPs will be implemented to reflect the labour market situation and needs of the vulnerable groups within the preparatory activities prior to the programme implementation, together with upgrading of the EAM services (individualised approach, activation measures, individualised case management).

In general, EAM will offer a range of **active labour market measures for vulnerable groups** depending on their needs. The range of ALMPs includes direct employment measures such as: self-employment (support intended for unemployed persons to start their business together with mentoring support), employment subsidies, training measures (upskilling and reskilling) in adult education institutions or with employers as a job training, traineeship programmes (acquiring practical working knowledge and skills, including green and digital skills), entrepreneurship subsidies (creation of a small business and support for unemployed persons to realize their business ideas).

As most of the marginalised and vulnerable groups in the labour market often face very specific or multiple barriers, providing them with **specialised approach and additional support to meet their complex needs will be essential**.

Certain vulnerable groups need more than one service or measure for their work and social integration into the labour market, such as RE population, PWD and long-term unemployed. Support will consist of individual plans, which will include a set of services and measures that the person can receive for the purpose of work and social integration. The number of activation and counselling services together with ALMP measures would depend on the employability of the person and current detachment from the labour market. **Work-activation programme will be developed to support an individualised approach to specific vulnerable group**. The programme will consist of first profiling process, preparation of individualised plan, identification of applicable education programme depending on the specific situation, identification of work integration programme (applicable ALMP measure, such as public work or employment subsidy) and regular consultations to assess the progress and

potential bottlenecks. Services and measures will be combined depending on the specific individual case of a person and their barriers to employment.

Inclusion of vulnerable groups in the labour market depends on the good cooperation between EAM and other institutions, such as social services. Passive labour market measures and benefits will sometimes go hand in hand with active labour market measures to address social inclusion barriers.

Support to permanent season workers will be established as a newly developed ALMP measure aimed at mitigating precariousness in seasonal work to be able to prevail periods of reduced activation that will include financial support to workers and employers for the period of decreased activation.

Balanced regional accessibility of the ALMPs will be ensured during implementation.

2) *EAM operational capacities and processes*

In parallel to the delivery of ALMPs, EAM human resources structure and business processes will be adjusted to **strengthen individualised service delivery and management.**

Although the EAM capacity to provide employment services and programmes has improved over the years, several structural challenges remain and need to be addressed. Within the preparatory actions before the programme implementation starts, revision of design, targeting and modalities of implementation of ALMP measures will be done jointly with the start of the organisational and process reforms. Also, new or reformed ALMP measures will be created, based on which development or further restructuring of internal business processes will be supported through this programme. Improvement of the processes will take into account specific and multiple barriers that vulnerable groups often face and their need for specialised support and individualised approach.

New or already existing but reformed processes supported through the programme will include new approaches to profiling and segmentation of vulnerable groups, skills-based profiling tools and assessment processes, counsellor-supported services and protocols, forecasting tools, self-assessment tools for assessing competencies of vulnerable groups followed by the establishment of an integration plan and activation programmes together with the development of the system for monitoring of the inclusion of vulnerable groups in ALMPs outcomes.

In addition, support will be provided to strengthening the human capacities in EAM and improving staff skills for working with specific marginalised groups (Roma, PWD, long term unemployed etc.).

To be able to increase accessibility of services and delivery to vulnerable groups, equipping of employment centres to improve the working conditions will be supported in line with accessibility, health, and safety standards. Also, although the ICT development of the EAM system will be initiated through preparatory actions, further upgrade of the system will be supported through the programme to support newly developed business processes and to continue digitalisation of providing services to clients leaning on the already developed modules. Support will be provided for establishment of monitoring mechanism that will enable evidence-based design and adjustments of the active labour market policy measures. Fine-tuning of the monitoring system and additional interoperability and data sharing between public institutions, not already carried out within previous interventions, will require upgrading of the EAM ICT platform as well as strengthening internal human resources dealing with data.

Delivery methods: *Grant(s), service contract(s), supply, twinning.*

Service contracts and grant(s) will be provided for a delivery of ALMP measures and services to broaden the extent of the active labour market measures and EAM services according to the needs of vulnerable target groups.

Service contracts and grant(s) is awarded via EAM as Contracting Authority to the end recipients.

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives,
- Contribution to the Programme indicators,

- Quality and feasibility of the action,
- Clearly defined needs of the target groups related to the Programme objective,
- Financial and operational capacity,
- Complementarity with other actions within the specific policy area,
- Sustainability of the action.

End recipients and target groups:

Target groups are the following:

- Roma and Egyptian population
- Persons with disabilities
- Unemployed women
- Long-term unemployed
- Unemployed with a lower level of qualifications
- Other vulnerable groups in the labour market
- Employment Agency staff
- Employment Agency

End recipients are the following:

- Adult education training providers (institutions)
- Entrepreneurs, employers
- Unemployed persons starting their business
- Employment Agency

Conditions: Revision of the legal framework governing employment promotion and reorganisation of the functional organisation and staffing levels of the Agency.

Output 1.3. Improved ecosystem for social entrepreneurship

Description of eligible activities, including major projects:

1) Supporting the development of new and existing social enterprises

After the formal recognition of the social entrepreneurship sector with adoption of the relevant legal framework and the establishment of the register supported by the preparatory actions preceding the start of the programme implementation, funding will be provided to establishment of new social enterprises, to entities that, regardless of their legal form, want to start business activities according to social enterprise principles.

Additionally, support will be provided for further development of existing social enterprises in the country in increasing their business activities and at the same time enabling new employment opportunities for vulnerable groups. However, these social enterprises will have to undergo a formal recognition process once the legal framework is in place.

Activities that will be supported include development of internal procedures (statute) and registration of the social enterprise in the national Registry for those entities that want to start their business according to social entrepreneurship principles or those already operating but need to go through a validation process to be able to register. Moreover, investments are planned for strengthening the capacities of social enterprises employees through training activities, procurement of equipment, renovation, marketing activities, development of new business models and plans, products and/or services, providing services and employment and mentoring support to the vulnerable groups employed in social enterprises.

Investment in strengthening of the social entrepreneurship sector is also an incentive for the increase of social innovation activities.

Delivery methods: *Grant(s)*

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives,
- Contribution to the Programme indicators,
- Quality and feasibility of the action,
- Clearly defined needs of the target groups related to the Programme objective,
- Financial and operational capacity,
- Complementarity with other actions within the specific policy area,
- Sustainability of the action.

End recipients and target groups:

Target groups are the following:

- Social enterprises employees, including vulnerable groups in the social enterprise,
- Social enterprises

The end recipients include:

- Social enterprises, including civil society organisations, cooperatives, entrepreneurs,
- Other legal entities that want to start business activities according to social enterprise principles.

Conditions: The adoption of the legal framework on Social Entrepreneurship and establishment of the Register is a precondition for implementing the activities.

AREA OF SUPPORT 2: SOCIAL INCLUSION

Rationale: The social protection and inclusion sector in Montenegro still encounters significant challenges related to human resources and the capacities to be able to fully implement the ongoing reforms.

Montenegro exhibits a significantly higher proportion of individuals, standing at 38.9% (2021), who are at risk of poverty and social exclusion compared to the European Union (EU) average of 21.7% (2021). Furthermore, a concerning 45.5% (2021) of children in Montenegro face the same risk, in contrast to the EU average of 24.4% (2021). These figures highlight the need for additional support and resources in the country.

In the forthcoming period there is an expectation that the system will start with the reform process based on the Roadmap of reforms of social assistance and social and child protection services in Montenegro.

Within the preparatory actions, support will be given for strengthening of the whole social protection system in order to increase its quality, availability, and accessibility to the most vulnerable groups. Reforms in the legal and institutional ecosystem are crucial for the next step, which is the implementation of social services on the local and regional level planned through this programme.

Currently, social services provided at the local level continue to be underfunded, affecting their ability to meet the needs of the population together with the lack of investments in the de-institutionalization process. Addressing these issues is crucial to ensure effective support for vulnerable groups. In addition, unfavourable demographic trends, and aging population together with the seasonable inflow of population (large number of tourists during summer seasons) put additional strain on the availability and accessibility of services. The main reason for the high degree of institutionalised vulnerable groups is the lack of accessibility of community-based services throughout the territory of Montenegro.

Although the share of children living in residential institutions has fallen in recent years, children are still being institutionalized due to a lack of emergency and specialised foster care and support, which means that residential institutions are often the only alternative in emergencies.

Non-governmental organizations play an expanding role in the provision of services for the elderly, but, as for all social services, their financing structure is often unsustainable due to donor dependency and the lack of multiyear financing.

Through this programme, support will be provided for widening of existing services in the community and deinstitutionalization of residential institutions and their users. Supporting the transformation and modernization of residential institution will include development of programmes to support children and youth without parental care, persons with disabilities and other vulnerable groups.

Investing in these activities will help overcome the existing challenges, strengthen the social protection and inclusion sector, and ensure effective support for vulnerable groups. By allocating resources to these areas, Montenegro can improve the accessibility, quality, and impact of social services, ultimately enhancing the lives of children, persons with disabilities, and in general, those at risk of poverty and social exclusion.

Applicable EU legislation: Montenegro 2023 Report, Recommendations for EU Acquis Chapter 19: Social Policy and Employment include the reform of the social protection system based on the Roadmap of Social Protection Reform and adoption and implementation of the Strategy on De-institutionalisation and Strategy for the social and child protection; Recommendations for EU Acquis Chapter 23: Judiciary and Fundamental Rights

Outcome: Improved access of quality social services provided to vulnerable groups (children and young people without parental care, including Roma children, persons with disabilities, addicts, gender-based violence and domestic violence victims etc.)

Typologies of outputs: For achievement of stated outcome within this area of support, the following outputs will be accomplished:

- 2.1. Quality social services implemented in the new regional/local areas and residential institutions transformed.
- 2.2. Strengthened capacities of the authorities for the implementation of the GBV policies.

Impact, outcome, and output indicators (incl. baselines and targets):

| <u>Indicator</u> | <u>Baseline 2022</u> | <u>Target 2032</u> | <u>Source</u> |
|---|--------------------------|------------------------|---|
| IMPACT | | | |
| Quality of Service Delivery | 2.5 | 3 | SIGMA |
| OUTCOME | | | |
| No of social services operating in accordance with standards | 116 | 160 | Annual implementation reports/MLSW data |
| OUTPUT | | | |
| Number of social service providers supported by the EU funded interventions | 0 | 18 | Project reports/MLSW data |
| No of vulnerable persons provided with EU support <i>(disaggregated by sex, age, vulnerable group, location)</i> | 0 | 180 | Project reports |
| No of MNE administration staff trained for the GBV policies | 0 | 50 | Project reports |

Type of activities

Output 2.1. Quality social services implemented in the new regional/local areas and residential institutions transformed

Context

Through preparatory actions before the start of the programme implementation, the Roadmap for reforms of social assistance and social and child protection services will be supported, with investments in the legal and institutional framework for the provision of effective and efficient social protection coverage, strengthening the capacities for social protection programmes, systems, policy implementation, together with the improvement of licencing process, and institutions, preparation, and reassessment of the Transformation plans for social institutions within the deinstitutionalisation process. Support is also planned for the development of various bylaws and procedures that are regulating norms and standards for providing services that do not have residential character with the aim of prevention of further institutionalisation. Based on the planned policy reform, OP ESI programme will invest in the provision and extension of services stemming from the adapted institutional and legal framework, throughout Montenegro.

Description of eligible activities, including major projects:

1) *Implementation of social services at the regional and local level*

The program will support the implementation of existing legal, standardized services by focusing on their expansion with the aim of improving the quality and availability of non-institutional social services as the best mechanism for preventing the institutionalization of vulnerable groups.

Vulnerable groups, such as children and young people without parental care, including Roma children, children with disabilities, persons with disabilities, addicts, trafficking victims, GBV victims, domestic violence victims, pregnant women, or single parents without family support and others at risk of poverty, will be supported through various support services in everyday living and at the community level. Services include organized housing for PWD, personal assistance, sign language communication intermediaries, assistance in-home, day-care centres, and other services stemming from the Law on Social and Child protection. In addition, investments will include therapeutic and counselling services such as therapy, counselling, SOS telephone and other services aimed at overcoming crisis situations and services to victims of family-based and gender-based violence.

Services will be implemented by accredited social service providers in accordance with the proscribed standards and quality assurance criteria.

2) *Transformation of residential institutions*

This activity will support the process of transformation of residential institutions in Montenegro.

Activities will be aimed towards residential institutions that are prepared for the DI process and have newly developed or modernised plans for transformation. Plans for transformation will be supported through preparatory activities within the AD 2024.

The emphasis will be on the transformation process that also includes development and implementation of services in the local community related to supported organized housing, strengthening of family reintegration, small group homes, day-care centres, homecare, rehabilitation programs for deinstitutionalized users, implementation methodologies for the transformation process and deinstitutionalization, advisory services and assistance to families, as well as provision of individual and group counselling.

Delivery methods: *Grant(s)*.

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives
- Contribution to the Programme indicators
- Quality and feasibility of the action

- Clearly defined needs of the target groups related to the Programme objective
- Financial and operational capacity
- Complementarity with other actions within the specific policy area
- Sustainability of the action.

End recipients and target groups:

Target groups are the following:

- Children and young people without parental care
- Children with disabilities
- Persons with disabilities
- People at risk of poverty
- Addicts
- Trafficking victims
- Elderly
- Homeless
- Victims of domestic and gender-based violence
- Other vulnerable groups at the risk of poverty

The end recipients are the following:

- Social service providers

Conditions: Adoption of the revision of the Law on Social and Child Protection, the National Social and Child Protection Strategy, adoption of the Deinstitutionalization Strategy. Adoption of the revised Transformation Plans for social institutions and support to the preparation of various bylaws and procedures as a precondition for further deinstitutionalization.

Output 2.2. Strengthened capacities of the authorities for the implementation of the GBV policies

Description of eligible activities, including major projects:

- 1) Support in the preparation of relevant legal documents (bylaws) in the area of GBV policies and capacity building of authorities

Through the programme intervention, preparation of the relevant bylaws and other legal documents will be supported, after the amendment of the Law on Social and Child Protection, that will recognise gender-based violence specific services. In addition, new standards for all specialised services for GBV in alignment with Istanbul Convention will be prepared to ensure quality of services that will be provided in the future. Additional efforts need to be made to ensure effective implementation of legislation, access to justice, and enforcement of rights in administrative and judicial proceedings, for GBV victims.

Capacity building and training is planned for the staff employed in the GBV related institutions, such as MLSW, centres for social welfare, judiciary and prosecution, police, health institutions and service providers. Awareness raising campaigns on the GBV and violence against women will be supported to increase knowledge and understanding on this important topic.

Delivery methods: *Service contract*

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives,
- Contribution to the Programme indicators,

- Quality and feasibility of the action,
- Clearly defined needs of the target groups related to the Programme objective,
- Financial and operational capacity,
- Complementarity with other actions within the specific policy area,
- Sustainability of the action.

End recipients and target groups:

Target groups are the following:

- MNE administration staff (police, health, social welfare centres, judiciary, prosecution)
- MLSW staff
- Service providers staff

The end recipients include:

- MLSW

Conditions: Adoption of the revision of the Law on Social and Child Protection.

AREA OF SUPPORT 3: ADMINISTRATIVE CAPACITY SUPPORT

Rationale: To fully leverage the IPA III Programme in Montenegro and optimize its impact, it is necessary to enhance the whole IPA III management and control system but also the capacities of the institutions responsible for labour, employment, and social protection in aligning its policies with the *acquis communautaire*.

Those institutions will be in the future an important element in the implementation of ESF+ and key driving factors in achieving progress on the European Pillar of Social Rights Action Plan targets. In the preparatory activities, interventions are planned for the overall support to the management system for IPA III and preparation for the Cohesion Policy instruments, including building capacities of the staff. In parallel, in preparatory actions, institutions implementing ESP policies will be supported, including Employment Agency (EAM) as an important organisation for the future ESF+ implementation. Compared to IPA structures and responsibilities, Cohesion Policy instruments will mean an increase in responsibilities. In that sense, leaning on the actions of the preparatory activities, support will be given for further adjustment and development of the system to effectively address the new challenges and prepare the country for the shared management functions and responsibilities, including consolidating the capacities of central, regional, and local bodies in ESP area. Also, support to the public beneficiaries of IPA III to prepare for the ESF+ participation is extremely important, especially in connecting their policy reform processes with the potential project proposals for the ESF+ future programme.

Improving capacities of ESP institutions in general is crucial for effective delivery of its policies and aligning to the EU standards and requirements. Thus, support in establishment and implementation of the Child Guarantee programme will be supported through this programme. Also, with the view of strengthening the social dialogue in Montenegro and providing support to the institutions in aligning its policies and processes with *acquis communautaire*.

Applicable EU legislation: Montenegro 2023 Report

- **Chapter 2:** Freedom of movement for workers includes recommendations related to the administrative and technical capacity of the Employment Agency and structures to implement the *EU acquis* in this area;
- **Chapter 19:** Social policy and employment – reform the provision of active labour market policy measures and EAM as key institution in this area, implement Roadmap of reforms on social assistance and social and child protection;

- **Chapter 22: Regional Policy and Coordination of Structural Instruments** – includes recommendations on the institutional framework for preparing future Cohesion Policy programmes and on administrative capacity, which requires strengthening.

Outcome: Increased country’s readiness under the relevant acquis chapters in accession negotiations

Typologies of outputs: For achievement of stated outcome within this area of support, the following outputs will be accomplished:

3.1. Improved EU funds management and control system in the employment and social inclusion sector in accordance with EU requirements

3.2. Strengthened capacity of national authorities for effective preparation, planning, coordination, and monitoring of the implementation of the National Action Plan for the implementation of the European Child Guarantee

3.3. Strengthened capacities of labour institutions and social partners in aligning its policies with the *acquis communautaire*

Impact, outcome, and output indicators (incl. baselines and targets):

| <u>Indicator</u> | <u>Baseline 2022</u> | <u>Target 2032</u> | <u>Source</u> |
|---|----------------------|--------------------|-------------------------------|
| OUTCOME | | | |
| % of EU funds absorbed under OP | 0 | ≥ 90 % | Annual implementation reports |
| OUTPUT | | | |
| Number of operations completed | 0 | 7 | Annual implementation reports |
| Number of calls for project proposals in the ESF+ pipeline | 0 | 25 | Annual implementation reports |
| Number of ME administrations revising their policies and plans for planning the NAP CG measures and activities | 0 | 18 | Annual implementation reports |
| Number of government, workers and employers’ organization representatives trained by the EU-funded intervention | 0 | 45 | Project reports/ MLSW |

Type of activities

Output 3.1. Improved EU funds management and control system in the employment and social inclusion sector in accordance with EU requirements

Context:

In the preparatory activities, support will be given to the overall preparation and development of the system for the use of Cohesion Policy, including staff capacity building in general and ensuring retention policy. In parallel, also through the preparatory actions, institutions implementing ESP policies will be supported through training and upskilling activities.

Description of eligible activities, including major projects:

1) Technical Assistance for implementing and managing the OP ESI and preparation for the ESF+

Supporting the preparatory activities for capacity building of IPA III system and establishment of the future management and control system for Cohesion policy, complementary actions are planned within this Programme.

Technical Assistance activities will include specific and tailor-made trainings, in project preparation, tendering, evaluation, contract management and monitoring of IPA III interventions for the Managing Authority, National IPA Coordinator (NIPAC), National Authorising Officer (NAO) and intermediate bodies for financial

management, consultancy services with the aim of strengthening the control mechanisms required for the “waiving the ex-ante controls”, organisation of monitoring activities including SMC meetings and on the spot visits, visibility of the OP ESI through information days, production of promotional materials and communication campaigns, financing of the services to improve working conditions of the Managing Authority (rental costs, operational cost and necessary equipment).

Support will be given for the preparation of the future ESF+ “project pipeline” with the view of strategic direction for the ESP policy development aligned with the EU policies and standards.

Delivery methods: *Service contract, Supply contract*

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives,
- Contribution to the Programme indicators,
- Quality and feasibility of the action,
- Clearly defined needs of the target groups related to the Programme objective,
- Financial and operational capacity,
- Complementarity with other actions within the specific policy area.

End recipients and target groups:

Target groups are the following:

- Managing Authority staff
- NAO staff
- National IPA Coordinator staff
- Audit Authority staff
- IBFM staff

The end recipients include:

- Ministry of Labour and Social Welfare

Conditions: Realisation of AD2024 activities and SBS activities related to Technical Assistance capacity building must be well coordinated within the proposed activities within the programme.

Output 3.2. Strengthened capacity of national authorities for effective preparation, planning, coordination, and monitoring of the implementation of the National Action Plan for the implementation of the European Child Guarantee (NAP ECG)

1) Support in the preparation, planning, coordination, and monitoring of the National Action Plan for the implementation of the European Child Guarantee

In the preparatory actions preceding the programme implementation, support will be provided for the preparation of the first draft of the ME National Action Plan to implement the EU Council recommendation on establishing a European Child Guarantee. Follow on the extent of the results from the preparatory actions, the support will be given to the following activities:

- Finalisation of the National Action Plan for Child Guarantee activities (*if needed*),

- Development of the clear monitoring and evaluation framework (clear set of indicators to measure the programme's success, with clearly assigned responsibilities of each public administration institution, including on how the data should flow within and between the stakeholders and how the gathered data will be used in making decisions).
- Strengthening the interinstitutional and interdepartmental cooperation. Through the institutional capacity building process, stakeholders will enhance their capabilities in areas such as: legal frameworks, different managerial and organizational aspects of the CG programme's activities within all stakeholders, human resources, monitoring and evaluation methodologies (experts who work with children in education and social welfare system, at both national and sub-national level, decision makers, civil service members etc.

Delivery methods: *Service contract*

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives,
- Contribution to the Programme indicators,
- Quality and feasibility of the action,
- Clearly defined needs of the target groups related to the Programme objective,
- Financial and operational capacity,
- Complementarity with other actions within the specific policy area,

End recipients and target groups:

Target groups are the following:

- National authorities in charge for the NP ECG

The end recipients include:

- Ministry of Labour and Social Welfare

Conditions: Realisation of preparation activities related to the first preparation of the NP ECG must be well coordinated with activities within the programme.

Output 3.3. Strengthened capacities of labour institutions and social partners in aligning and implementation of its policies with the *acquis communautaire*

1) *Support in the alignment and implementation of aligned policies with *acquis communautaire**

Support will be given for the alignment of the labour policies, including health and safety at work policies with *acquis communautaire*, together with investments in the capacities for the implementation of the aligned policies, according to the needs.

Expert assistance and capacity building is planned in the following areas:

- Support in the harmonisation and implementation of the laws, by-laws and strategies regulating labour market and labour issues.
- Supporting the work of the tripartite Economic and Social Council, capacities for policy assessment and expertise for monitoring the impact, capacity building of social partners for effective collective bargaining, their stronger involvement in the decision-making process on the national level, development of specialised competencies for monitoring of policies at all levels, building capacities for partnerships (social partners and authorities) including conducting bi- and tri- partite negotiation techniques, advocacy, and other relevant skills.
- Strengthening the capacities of the Labour Inspection in implementing *acquis* policies, more specifically provision of trainings to inspectors in all areas of their work (labour relations and employment)

- Trainings for institutions in implementation and application of occupational health and safety measures such as measures against effects of biological, chemical, carcinogenic, and mutagenic substances, health at work in agriculture, protection of employees when handling asbestos, health and safety measures against the effects of noise etc.
- Promotional activities related to the health and safety at work aimed at both to employers and employees (seminars, workshops, training, roundtables, panel discussions).

Delivery methods: *Service contract*

Approval of the criteria for selecting operations will be decided by the relevant authorities. Main principles will include at least the following:

- Relevance and contribution of the action for the realisation of the Programme objectives,
- Contribution to the Programme indicators,
- Quality and feasibility of the action,
- Clearly defined needs of the target groups related to the Programme objective,
- Financial and operational capacity,
- Complementarity with other actions within the specific policy area.

End recipients and target groups:

Target groups are the following:

- Ministry of Labour and Social Welfare staff
- Social partners (employers' organizations and trade unions) staff
- Institutions in the field of health and safety at work staff
- Labour Inspectorate staff

The end recipients include:

- Ministry of Labour and Social Welfare

Conditions: All needed conditions for the start of the activities have been met.

4.2.3 INDICATIVE LIST OF MAJOR PROJECTS PER EACH AREA OF SUPPORT

As a 'Major project' relates to a project comprising a series of works, activities or services which is intended to accomplish a definite and indivisible task of a precise economic or technical nature, the OP ESI does not contain any such project.

4.3 Mainstreaming

The OP ESI fully reflects the policy framework and general principles of the IPA III Regulation and, in particular, is in line with the Art. 6.2. of this regulation, directly contributing to mainstreaming the horizontal priorities of climate change, environmental protection, human rights and gender equality. In that context, the OP ESI follows the multidimensional pathways to sustain progress on SDGs 2030 of "leaving no one behind" and will promote integrated actions on supporting vulnerable segments of population that will result in co-benefits and meet multiple objectives of SDG in a coherent way.

The OP is addressing the interlinkages between Sustainable Development Goals, taking into consideration more sustainable, inclusive, gender responsive and green pathways in supporting the most vulnerable in the society (young, women, Roma & Egyptians, low skilled, PwDs, etc).

The Managing Authority, to ensure the contribution to the mainstreaming policies, during the preparation and implementation of the programme, may envisage the following procedures to be applied:

- The proposed actions are designed in a way to assess, address and mainstream gender equality, with special consideration to combatting all forms of sexual and gender-based violence, promoting gender equality and empowering girls and women.
- The OP ESI will only support projects that respect the mainstreaming principles, are consistent with its aims, or directly contribute to the achievement of its objectives. To apply the horizontal mainstreaming principles (HMP) efficiently, *this principle will form a condition for the provision of aid specified in the relevant call for proposals* and defined in more detail in the relevant management documentation of the OP ESI. The application of the HMP as a condition for provision of aid will be verified at a project level in the process of evaluation and selection of projects. The process of fulfilment of the HMP will be monitored, at a project level, using monitoring reports that will include outputs containing information on the horizontal mainstreaming principles, as well as by on-the-spot checks and follow-up evaluation of contribution to horizontal mainstreaming objectives.
- Ensuring that providing consultation and information to relevant stakeholders and beneficiaries will address green agenda, gender equality policy, equal opportunities, protection against discrimination based on any ground, empowerment of women and girls and human rights whenever possible.
- The requirement for promoting environmental protection, sustainable development agenda, gender equality, equal opportunities, etc. will be ensured in OP ESI through information and publicity campaigns.
- Applicants applying for assistance will be expected during the evaluation process to demonstrate the project is aligned with the principles of green mainstreaming, gender equality policy, equal opportunities, protection against discrimination based on any ground, empowerment of women and girls and human rights. The guidelines/instructions to beneficiaries on how to incorporate the mainstreaming principles in their project proposals will be developed and disseminated.
- It is foreseen that targeted studies and evaluations focused on the impact, efficiency, effectiveness and expandability of the actions included in the mainstreaming principles will be conducted, in particular, environmental protection and climate change, gender equality and empowerment of women and girls, equal opportunities for PwDs and Roma & Egyptians.
- Special attention will be focused on operations linked to mainstreaming policies (environmental protection and sustainable development, gender equality policy, human rights, etc) in the annual implementation reports of the OP ESI.
- The impact of the OP ESI on mainstreaming policies (green agenda, environmental protection, sustainable development, gender equality and empowerment of women and girls, human rights) will be considered as part of the OP ESI evaluation.
- Ensuring all data for monitoring and reporting of the SOP ESI implementation will be always broken down by gender and age.

4.3.1 Environmental Protection, Climate Change and Biodiversity

As part of a broader obligation to sustainable development, the EU has a longstanding commitment to addressing environmental concerns in its assistance programmes. The OP ESI does not pursue specific objectives as regards the environment and climate change. The OP is soft and will not negatively impact or jeopardise the environment.

The proposed interventions within the OP will not directly impact the environment, so environmental screening, including for climate change and biodiversity impacts, was not undertaken at the level of activities. However, green mainstreaming will be taken as a horizontal issue under the OP as there are specific interventions in which environmental protection and sustainable development will be promoted.

The OP ESI will support the demand for skills in the context of the transition to e.g., low-carbon economy, providing support for acquisition of new skills in line with the new improvements in the fields of sustainable development envisaged throughout traineeship programmes (acquiring practical working knowledge and skills, including green and digital skills).

4.3.2 Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this programme is labelled as significant objective.

Gender equality and the empowerment of women and girls are prerequisites to the realisation of the 2030 Agenda for Sustainable Development. Gender mainstreaming remains the primary means to achieve gender equality. As per OECD Gender DAC codes identified in section 1.1, the OP is labelled as G1. This indicates that OP ESI should be guided by principle of gender equality and the empowerment of women and girls, and should seek to protect the women's and girl's rights in line with National Strategy for Gender Equality 2021 - 2025 and relevant Action plan, in line with EU standards (EU Gender Action Plans, relevant Council regulations and international conventions), as follows: a) focus on gender-transformative approach promoting the change in social attitudes and balance of powers which disadvantage women and girls are facing; b) using gender analysis available and integrating them into the proposed OP ESI; c) applying gender-sensitive and sex-disaggregated indicators and statistics (when available) to monitoring and evaluation of all interventions implemented.

The gender equality and the empowerment of women and girls is applied throughout the whole stages of the OP ESI including the programming, implementation, monitoring and evaluation. The target group mainly includes women who are disadvantaged in accessing the labour market and obtaining work due to their sex/gender/minority/ethnic/religion, economically and socially deprived women living in rural areas as they face multiply discrimination. Another group includes women/girls threatened by domestic violence, and women/ girls with accumulated disadvantages, with a special attention to the specific situation of Roma women and girls.

These two groups form the target groups for the *Area of support 1 Inclusive labour market* through implementation of YG and ALMPM focusing on activating and integrating in employment of those who are long-term unemployed and inactive, to acquisition of skills for job seekers with low educational levels over 29 years old, as well as persons not in education, or in employment.

Within the *Area of support 2 Social inclusion and protection* the measures will include the implementation of existing legal, standardized services by focusing on their expansion with the aim of improving the quality and availability of non-institutional social services as the best mechanism for preventing the institutionalization of vulnerable groups.

The principle of equal opportunities and non-discrimination will be applied to ensure equal access for all people to job, training and related services, to eliminate and prevent discrimination and barriers that lead to isolation and exclusion from social and professional life, and on the basis of such social categories, as sex / gender, age, disability, race, ethnicity, religion, sexual orientation, etc.

Furthermore, in order to ensure that the Managing Authority is able to implement effectively the principles of gender equality and empowerment of women and girls, equal opportunities and non-discrimination, the following procedures are envisaged:

- The principles of equal opportunities, gender equality and empowerment of women and girls and non-discrimination are subject to monitoring and evaluation at individual project as well as outcome and impact level. Reporting will be made applying the impact, outcome and output indicators set at the relevant level of the operational programme related to reporting or the impact assessment.
- Appropriate gender indicators will be developed at the design phase of a programme and will be monitored throughout the programme to determine the extent to which the intended policy intention is being realised during implementation. In case of need, the indicators may be reviewed.
- The monitoring data will be reported and presented at each meeting of the Sectoral Monitoring Committee (SMC) so that the SMC members will be able to discuss the issues which may deter quality programme

implementation and take a decision leading to better compliance with the principles. The actions implemented in relation to compliance with the horizontal principles will be reported in the annual implementation reports as well as in the progress reports submitted to the SMC.

- Compliance with the gender equality principle was ensured during programme preparation and will be overseen during the subsequent monitoring, reporting and evaluation stages. Where significant disruptions are found in the participation of men and women which are not related to the nature of the specific operation, efforts will be made to achieve balanced inclusion. The data collected about the programme participants will be broken down by gender and age. Evaluation and/or survey will be carried out focusing on the application of the gender mainstreaming principle.
- Financing the special studies and evaluation of the effectiveness and impact of the horizontal principles, including equal opportunities, equality between men and women and non-discrimination will be arranged
- Trainings focused on the role of the principle of gender equality and non-discrimination in the context of OP ESI will be organised. The trainings will target different representatives at various levels - Managing Authority, Intermediate Bodies, representatives of the Monitoring Committee, the social and economic partners, NGOs, CSO, beneficiaries.
- Design and dissemination of manuals presenting good practices and basic principles of equal opportunities, gender equality and non-discrimination will be conducted.
- Advising beneficiaries on how to incorporate the principle of equal opportunities, gender equality and non-discrimination in their project proposals will be addressed.
- Incorporating the principles in the process of selection and evaluation of projects and activities to be financed from SOP ESI will be ensured.

The projects co-financed from OP ESI must respect the principle of gender equality as well as the empowerment of women and girls and show significantly positive impact on equality of opportunities. Projects must not discriminate and thus exhibit a negative contribution to equal opportunities or gender equality; neutral effect can only be justified in exceptional cases. These principles must be applied in all projects, if necessary, also using the introduction of balancing measures and activities aimed at support of disadvantaged groups.

4.3.3. Human Rights

Montenegro has made strong legal and policy commitments at the global, regional and national level to guarantee sustainable development and the rights of its people and has an ad hoc Government structure for reporting to the UN human rights mechanisms and follow-up to their recommendations. Moreover, Montenegro adopted a national recommendation tracking database in 2019, which aims to support enhanced planning and monitoring of the implementation of recommendations by UN human rights mechanisms, and to support progress reporting to the UN bodies. As a member of the Council of Europe, Montenegro is subject to the jurisdiction of the European Court of Human Rights and cooperates with bodies of the Council of Europe.

There is a significant progress in implementing legislation, policies, strategies and plans to further the respect for human rights in the country, but challenges persist and more needs to be done to ensure these rights are fully implemented in practice. Discrimination against minorities, including women and girls belonging to minority groups, children, persons with disabilities and other vulnerable groups remains an important challenge that needs to be tackled.

The OP ESI follow an approach based on human rights which places the principles of non-discrimination and inequalities into the centre of the measures to be implemented. This includes helping the participants to exercise their human rights, participate in decisions concerning them and seek redress when their rights are violated. As Roma and Egyptians continue to be among the most marginalized and deprived communities in Montenegro, experiencing high levels of discrimination, social exclusion and deprivation, both areas of support will ensure that the protection and promotion of human rights will be secured and respected during the implementation of the proposed measures in the OP ESI.

Awareness, knowledge and capacity will need to be strengthened of duty bearers to realize and of rights holders to demand rights. There is a need to foster stronger political will and enhance oversight to enhance the level of implementation of human rights obligations and for stronger accountability in case rights are not fulfilled. There was progress in implementing legislation, policies, strategies and plans to further the respect for human rights in the country, but challenges persist.

The OP ESI will strengthen capacities of national and local level government institutions, as well as civil society organisations, to provide essential services more efficiently. This will allow the concerned beneficiaries to be in a position to implement their human rights obligations and policy in an adequate manner. These actions are key to ensure that fundamental rights are effectively implemented, as this is not fully the case in practice yet. The OP ESI will address the most basic rights accorded by the Montenegrin Constitution, the EU acquis, the principles of non-discrimination on different grounds, gender equality and empowerment of women and girls, the right for decent, fair and safe working conditions, rights in areas of social protection both in terms of providing material conditions for the fulfilment of these rights as well as upgrading the ability of key institutions to recognise, assess, and engage rights holders.

4.3.4. Disability

As per OECD Disability DAC codes identified in section 1.1, this programme is labelled as D2. Given that persons with disabilities are central to the OP ESI, their perspectives were thoroughly consulted during the programming process of the ESP policy framework.

The Committee on the Rights of Persons with Disabilities noted with concern that “violence against persons with disabilities, particularly women and children, is prevalent and that effective measures to prevent violence, including sexual violence, in all settings and to monitor violence prevention, are lacking.” Overall, safeguarding policies/practices and family and community-based protection services for children and adults with disabilities are largely missing.

The persons with disabilities are considered as one of the most vulnerable groups in the labour market. Especially, women and girls with disabilities especially face great difficulties because of the prejudices that exist. Therefore, the OP ESI contributes to support public policies that aim at enabling all PwDs including women and girls with disabilities the conditions for an independent and self-sustaining life, the possibility to choose their private, professional or family life, the schools they will attend, the possibility to do ordinary jobs, to visit public and private places like everyone else and to enable society to benefit from their experience, ability and talent.

Within the *area of support 1 Inclusive labour market* the PWD will be offered an addressed ALMPM focused on improvement of their access and participation to the labour market, providing different type of support to increase their employability and retain in employment. Moreover, their professional rehabilitation and social integration will be addressed in OPS ESP through support of social entrepreneurship.

Within the *area of support 2 Social inclusion and protection* the planned activities for PwDs will be focused on better access and ensuring quality to community-based services.

4.3.5 Democracy

The implementation of the OP ESI will pursue the principle of the participatory democracy, pluralism and representative decision-making throughout all proposed interventions involving key stakeholders including social partners. The OP ESI has been prepared and will be implemented, monitored and evaluated through the widest possible partnership at the national, regional and local levels of relevant public authorities, and with economic, social and environmental partners and with representatives of civil society, organisations and bodies responsible for promoting equality in the labour market and society. The civil society organisations are considered primarily as organisations of social partners, associations, foundations and private institutions, but also academic and educational institutions and media. The main goal of supporting civil society organisations is to bring them into the decision-making process by enhancing their abilities in the fields of democracy and human rights, environmental protection, sustainable development and social support and health care. Furthermore, the

participation of the representatives of civil society organisations in the work of the OP ESI Sectoral Monitoring Committee represents an important contribution to the follow-up of the implementation of the OP ESI.

4.4 Risks and Assumptions

| Category | Risks | Likelihood (High/Medium/Low) | Impact (High/Medium/Low) | Mitigating measures |
|---|--|------------------------------|--------------------------|---|
| 1. Risks related to the external environment | Changes and fluctuations in the political climate, as well in the government structures which can influence the programme progress cannot be predicted and the necessary track-records not established from an early stage | L | H | Promoting the ESP sector as important for mitigating the political, economic and social risks The identification of potential changes in government priorities and agenda should be done as far as possible, at the very early stage and remedial actions envisaged. Continuous cooperation with the Beneficiary and the EU Delegation to Monenegro (EUD) in defining the clear requirements in terms of support needed to ensuring all Government support. |
| | Low interest of the NEETs to participate in the Youth Guarantee | M | H | Ensuring a wide-spread and targeted public awareness campaign focused on the benefits of the YG and to encourage of the NEETs to change their behaviour and enter the program Support targeted outreach activities in cooperation with youth NGOs/CSO |
| | Lack of outreach activities provided to NEETs by the Youth NGOs | M | H | Ensure development of the capacity of youth NGOs/CSO to deliver outreach services to young NEETs Engagement of Youth NGOs to provide assistance to young NEETs who are disengaged to register in the YG service delivery system |
| | Delays in the implementation of a specific programme due to poor performance by external service provider | L | M | Provision of timely and adequate support in planning and implementation of the programme; provision of clear service agreements/service instructions |
| | CSOs might face more difficulties in fulfilling their obligations under EU funded grants | L | M | Ensuring the necessary domestic financial and administrative resources are effectively and efficiently mobilised |
| 2. Risks related to planning, processes and systems | A fragile new legal framework for stimulating the | L | M | Ensure the promotion of the new legal framework for social entrepreneurship |

| | | | | |
|---|---|----------|----------|--|
| | development of social entrepreneurship and limited capacities of the social enterprises to apply and benefit from the Grant Schemes | | | Ensure that the Grant Scheme documentation reflects the needs and stimulate the development potential of the social enterprises |
| | Publication of tenders is delayed, jeopardising the full implementation of projects | L | M | Ensure the preparation of documentation to the highest level of correctness in order to avoid changes. Permanent interaction with Contracting Authority and early reaction to the delays, especially in activities time table. |
| | Operational performance of the OP ESI is affected by the IT system | H | H | Ensure the collection of reliable data and the highest level of coordination between bodies involved in monitoring and reporting Ensure the quality of database, which would enable to measure the level of achievement of the set goals and performance indicators |
| 3. Risks related to people and the organisation | Fluctuation of staff tasked with programming and implementing EU interventions in state administration institutions relevant for OP ESI | M | M | Building a system of knowledge and skills-sharing that does not directly depend on only a handful of individuals within the relevant institutions Encourage the transfer of skills and knowledge to a broader spectrum of public administrations Ensuring the salary increase measures due to the specific job description. Promoting the culture of institutional memory. This will be achieved by creation of information and knowledge sharing instruments, creation of adequate procedures for data collection and reporting. |
| | Shortage of adequate staff in EAM, MLSW and social services sector to implement measures envisaged in the SOP ESI | M | M | Ensure relevant capacity building to equip the staff with the knowledge and skills requested for successful management and implementation of OP ESI measures |
| 4. Risks related to legality and regularity aspects | Delays in adoption of the relevant labour and social legislation considerably affects the timing and implementation of the envisaged measures under SOP ESI | M | M | Political consensus related to legislation framework achieved Ensure dissemination of information to target group and general public on newly adopted legal provision and its application practise |

External Assumptions

At the level of outcomes:

- Continuous commitment, steered and coordinated at the highest level of the government and the executive to address the key priorities under this OP ESI.
- The Government of Montenegro is committed to continuously supporting the European Integration Process and EU accession negotiations are advancing.
- Favourable labour market development, business environment and economic growth contribute to reach the OP ESI objectives.
- Continuous support of EAM to building strong delivery mechanism and modalities for the implementation of labour market integration measures.
- Continuous commitment and cooperation between national and local institutions in planning and implementation of activities and their commitments towards improving the quality and range of local social services.
- Support to alternative and innovative way to promote social inclusion, integration and employment of disadvantaged groups in social enterprises.
- OS and beneficiary institutions provide adequate and sufficient permanent staff to all foreseen capacity building activities.
- The turnover of the permanent staff of the OS and beneficiary institutions remains reasonably limited.
- The working relationships between the OS, the potential national and local beneficiaries remain constructive and efficient.
- Continuous support for social inclusion policy and participation of the business sector.
- Institutional and legal system for social entrepreneurship established in order to ensure development of social enterprises.

At the level of the outputs:

- Adequate capacities of local stakeholders to participate and implement the measures.
- Adequate capacities in relevant institutions to support and coordinate policy making and implementation process in ESP sector.
- Effective information and communication between the various stakeholders at regional and local level.
- Continued motivation and commitment of potential beneficiaries and grant beneficiaries towards participation in IPA III and ESF+ funded projects.
- The necessary domestic financial and administrative resources are effectively and efficiently mobilised.
- Systematic efforts are made to raise public awareness of the relevance of the issues supported under this OP ESI.

5. Overview of the consultation process for the preparation of the Operational Programme

In light of the heightened emphasis on early partner consultation in the new programming period (IPA III), efforts were made to involve partners at the initial stages of formulating the Operational Programme. This ensures a comprehensive representation of mutually agreed-upon priorities and aligns with the Commission's standards for thorough and meaningful engagement of economic and social partners. The OP ESI was prepared through the consultative and participatory approach.

In that sense, the Working Group for development of the OP has been established gathering representatives of all relevant stakeholders across the public administration, NGO's, social partners and other stakeholders with the emphasis on the employment and social policy sector. Their principal role is in promoting and fostering employment and efficient social policies in Montenegro, providing reviews and comments on the successive emerging drafts of the OP.

The first meeting of the Working Group was held on the 5th of April 2023 gathering over 40 relevant representatives/stakeholders. The meeting was used as an opportunity to share the information with all involved actors on the current programming process of IPA III, as well as on both EU and Montenegro employment and social policy context. Since the OP drafting process literally began with this first meeting of the Working Group, it also served as an opportunity to present challenges in these areas, as well as relevant recommendations and give a very broad overview of interventions that should cover, based on the interventions selected from the strategic response and in line with the funds available. The meeting also served as a starting point for introducing the timeline of the OP drafting and intensive, more focused individual consultations that will take place in the months that followed.

In this sense, in addition to the meeting of the Working Group, separate meetings have been held in the course of the OP preparation with the representatives of public administration depending on the Area of Support of the OP and/or corresponding policies and future activities, as well as with the social partners.

The work on OP drafting was also supported by the experts engaged within the IPA 2020 technical assistance project "Improved evidence-based policymaking, implementation practices and coordination in the ESP sector and strengthened capacities to participate in ESF".

Special attention was given to including partners from civil society organisations to consider their specific needs. Members of Working groups had the opportunity to participate equally and make suggestions on the OP, comment on working materials and propose additions and changes within the OP.

6. Implementation arrangements

6.1 FINANCING AGREEMENT

In order to implement this programme, it is necessary to conclude a financing agreement between the Commission and Montenegro.

6.2 METHODS OF IMPLEMENTATION

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the programme with EU restrictive measures²⁰.

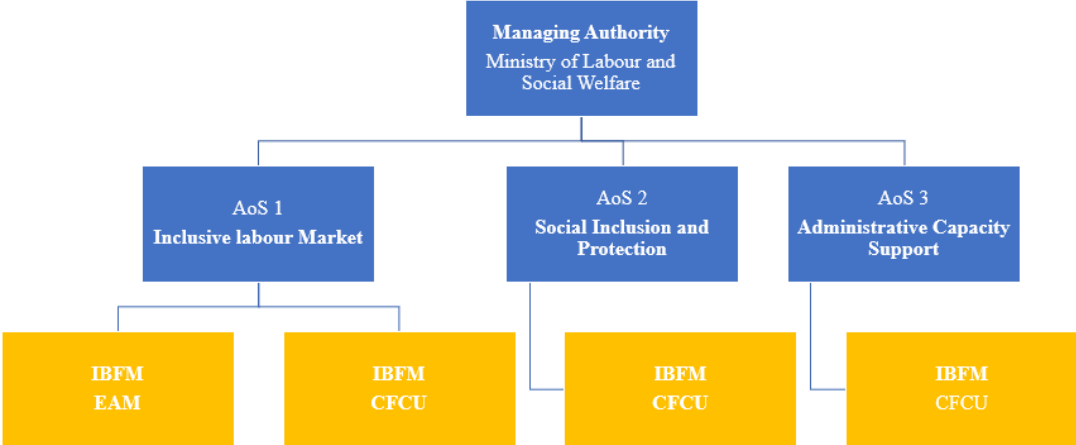
Indirect Management with an IPA III beneficiary

This programme will be implemented under indirect management by Montenegro.

The managing authority responsible for the execution of the programme is Ministry of Labour and Social Welfare.

The managing authority shall be responsible for legality and regularity of expenditure, sound financial management, programming, implementation, monitoring, evaluation, information, visibility, and reporting of IPA III activities.

Budget implementation tasks such as calls for tenders, calls for proposals, contracting, contract management, payments, and revenue operations, shall be entrusted to the following intermediate bodies for financial management: the Employment Agency of Montenegro (EAM) and the Ministry of Finance, Directorate for Finance and Contracting of the EU Assistance Funds/CFCU. They shall ensure legality and regularity of expenditure.



6.3 SCOPE OF GEOGRAPHICAL ELIGIBILITY FOR PROCUREMENT AND GRANTS

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this programme impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

7. Financial tables by areas of support and by year (including co-financing rates if applicable)

| | 2024 Year n | | | 2025 Year n+1 | | | 2026 Year n +2 | | | 2027 Year n +3 | | | TOTAL | | |
|-------------------|------------------|----------------------------------|-------------------|------------------|----------------------------------|-------------------|------------------|----------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|----------------------------------|-------------------|
| | EU contribution | IPA III beneficiary co-financing | Total expenditure | EU contribution | IPA III beneficiary co-financing | Total expenditure | EU contribution | IPA III beneficiary co-financing | Total expenditure | EU contribution | IPA III beneficiary co-financing | Total expenditure | EU contribution | IPA III beneficiary co-financing | Total |
| Area of Support 1 | 1 300 000 | 229 412 | 1 529 412 | 5 400 000 | 952 942 | 6 352 942 | 6 000 000 | 1 058 824 | 7 058 824 | 7 000 000 | 1 235 295 | 8 235 295 | 19 700 000 | 3 476 473 | 23 176 473 |
| Area of Support 2 | 0 | 0 | 0 | 1 000 000 | 176 471 | 1 176 471 | 1 600 000 | 282 353 | 1 882 353 | 2 000 000 | 352 943 | 2 352 943 | 4 600 000 | 811 767 | 5 411 767 |
| Area of Support 3 | 200 000 | 35 295 | 235.295 | 400 000 | 70 589 | 470 589 | 1 000 000 | 176 471 | 1 176 471 | 1 000 000 | 176 471 | 1 176 471 | 2 600 000 | 458 826 | 3 058 826 |
| TOTAL | 1 500 000 | 264 707 | 1 764 707 | 6 800 000 | 1 200 002 | 8 000 002 | 8 600 000 | 1 517 648 | 10 117 648 | 10 000 000 | 1 764 709 | 11 764 709 | 26 900 000 | 4 747 066 | 31 647 066 |

8. Performance Measurement

8.1 MONITORING AND REPORTING

Monitoring on implementation of the Operational Programme will aim at collecting and analysing data to inform on progress towards achievement of planned results, to feed decision-making processes and to report on the use of resources.

The day-to-day technical and financial monitoring of the implementation of this Operational Programme will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the programme and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the Operational Programme, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible, at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators.

The Commission may undertake additional monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

In case the arrangements remain the same as during the IPA II period, the overall progress will be monitored through participation of various stakeholders, such as European Commission/EU Delegation, NIPAC, NAO, NAO SO, NF, OS as Final Beneficiary and other institutions and civil society organisations. More precisely, monitoring will be done through:

- Result Orientated Monitoring (ROM) system (led by DG NEAR): This will provide, as necessary and required, an independent assessment of the on-going or ex-post performance of the Action.
- IPA Beneficiary's own monitoring: IPA monitoring process is organised and led by the NIPAC, supported by the OS for OP ESI. NIPAC is the main interlocutor between the Montenegrin government and the European Commission regarding strategic planning, co-ordination of programming, monitoring of implementation, evaluation and reporting on the overall IPA assistance. NIPAC monitors the process of programming, preparation and implementation, as well as the sustainability and effects of programmes, aiming to improve these processes, ensure timely identification, remedying and alleviation of potential issues in the process of programming and implementation of Actions. Based on the annual report of the MLSW and Beneficiary of this Action, the NIPAC prepares regular monitoring reports for the Government and the European Commission based on the reports drawn up by the institutions responsible for implementation. It reports on the formulation of Action, the fulfilment of preconditions for the initiation of public procurement procedures, the implementation of Action, its sustainability and effects, and organises the process of evaluation.
- Self-monitoring performed by the EU Delegation: This is part of the annual assurance strategy process and is done based on the ex-ante risk assessment of actions/contracts that are considered riskier.
- Joint monitoring by DG NEAR and the IPA Beneficiary: the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly (at least once a year) monitored by the IPA Monitoring Committee. It will be supported by Sectoral Monitoring Committees which will ensure monitoring process at sector level. The results of monitoring will be used in the policy-making process to propose programme adjustments and corrective actions.

Data collection is driven by the indicators that have been included in the intervention logic describing the Operational programme. The IPA III Results Framework provided a defined set of specific indicators which were used during the preparation of OP ESI enabling to monitor and report the impact, outcome and output of each intervention. During programming and when needed, selected common framework indicators were complemented by additional indicators to monitor and report effectively on what the intervention concretely changed or improved during the implementation of the OP. Moreover, the national list of indicators providing information on various indicators introduced by strategic documents relevant to social and employment policies with the aim to collect relevant data and monitor the level of achievement of their objectives was elaborated which represents the basis for the performance assessment within the OP ESI. The PAF for monitoring the implementation of national strategies within employment and social policy sectors creates a solid monitoring and reporting framework with the description of roles and responsibilities of ESP stakeholders, indicators to measure ESP success and mechanisms for policy coordination and development procedures.

The process of data collection is managed by the MLSW, which collects data from all entities that implement the activities and prepares the annual implementation report towards the achievement of all the relevant indicators on the level of outcomes and outputs as included in the intervention logic.

The MLSW as the Beneficiary and the key stakeholder of the project/activities, will delegate their technical staff that will maintain operational contacts with the implementing partners (Contractors and other, if applicable). The responsible technical staff will be tasked to ensure that the implementing partner produces the project logframe in line with the activities leading to the completion of outputs under this OP ESI. The implementing partner will also have to design adequate monitoring and reporting procedures under the guidance of the responsible technical staff of the beneficiary institutions, taking into account the internal reporting division of roles and responsibilities and the indicators foreseen by the program.

The Sectoral Monitoring Committee, as foreseen in Article 53 of the Financial Framework Partnership Agreement, plays a key role in monitoring and reporting of the implementation of the Operational Programme.

On the basis of the reports provided by the Managing Authority prior to the meetings, the Sectoral Monitoring Committee it shall in particular:

- review the effectiveness, efficiency, quality, coordination and compliance of the implementation of the programmes;
- review the progress towards meeting the objectives, achieving the planned outputs and results, and assessing the impact and sustainability of IPA III assistance, while ensuring coherence with the policy dialogue, the related central and regional sector strategies and multi-country or regional activities in the IPA III beneficiary;
- review annual implementation reports, including financial execution of the programmes;
- examine relevant findings and conclusions as well as proposals for remedial follow-up actions stemming from the on-the-spot checks, monitoring, evaluations and audits if available;
- discuss any relevant aspects of the functioning of the management and control systems;
- discuss any problematic issues and actions;
- if necessary, consider or make proposals to amend programmes and take any other corrective action to ensure the achievement of the objectives and enhance the efficiency, effectiveness, impact and sustainability of IPA III assistance;
- review information, publicity, transparency, communication and visibility measures taken.

8.2 Evaluation

Having regard to the importance of the programme, a mid-term and a final evaluation will be carried out for the areas of support falling under this Operational Programme contracted by the IPA III beneficiary, and should be included in the Area of support “Other support” as indicated in Section 4.2.2.

The evaluations will be carried out by experts or bodies, internal or external, functionally independent from the management and control system.

The mid-term evaluation will be carried out for learning purposes, with respect to assess the relevance, effectiveness and efficiency of the OP in the middle phase of the programme implementation.

Final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), considering in particular the fact that some of the interventions implemented were introduced as a strategic sector polices which were piloted (e.g., Youth Guarantee, revision of ALMPM).

The evaluation reports shall be shared with all relevant parties. The IPA III beneficiary and the Commission shall analyse the conclusions and recommendations of the evaluations jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the support.

| Indicative evaluation activities | Timing |
|-----------------------------------|---|
| Mid-term evaluation of the OP ESI | 2027 |
| Final evaluation of the OP ESI | Not later than three years after the end of the programming period. |

8.3 Audit and Verifications

Technical audits for major projects are mandatory during the implementation.

Financial provisions related to audit and verifications, including technical audits if applicable, carried out by the IPA III Beneficiary should be included in the Area of support “Other support” as indicated in Section 4.2.2.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this programme, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

9. Strategic communication and public diplomacy

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [Communicating and raising EU visibility: Guidance for external actions](#) (or any successor document).

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective, and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations entrusted entities, contractors, and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

Visibility and communication measures specific to this programme shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

Raising awareness and having well informed citizens of Montenegro will contribute to increased support and understanding of the benefits of the accession process and EU membership as well as of the necessary reforms to be implemented in employment social policy within the OP. To achieve this, communication will be based on a strategic approach of the Communication and Visibility Plan, identifying the main objectives, target audiences and groups (e.g., general public, stakeholders, media, civil society and youth), key messages, appropriate communication channels and monitoring of its impact. Activities can cover different layers of information which are complementary to one another: a) the EU values, policies and programmes and their impact on Montenegrin people's everyday life; b) the EU accession process with the accompanying socio-economic transformation and its long-term benefits and opportunities for Montenegrin citizens and economy; c) the necessary reforms that are required in order to progress in the EU accession process; d) how the EU intervention contributes to the achievement of the OP objectives with a focus on tangible positive impact on the citizens and economy of Montenegro.

10. Sustainability

The implementation of the OP ESI pursues several key factors impacting the sustainability which relates to institutional and administrative capacities, legal framework, ownership of the beneficiaries at different levels including financial. All foreseen outputs contribute directly to the achievement of the sectoral policy objectives that have to be implemented in order to align with the EU acquis and overall, ESP strategic framework.

The implementation of the OP will produce sustainable results in the short and long run. It does not envisage establishment or financing of the new organisational units but provide support to beneficiary institutions and structures that are already in place, and currently require additional assistance in the comprehensive process of the effective and efficient management and implementation of the current OP with a focus on future ESF+. It is expected that all capacities, practices and ESP policy measures implemented within the programme will be incorporated as the standard working procedures of the daily and policy management and they will become a crucial and sustainable resource for the further EU accession process.

Furthermore, the sustainability will be ensured through the established and functional inter-institutional coordination mechanisms of the Managing Authority, Intermediary Bodies for Policy and Financial Management and relevant stakeholders involved in implementation of all areas of support as well as through acquired skills of those capacities that will lead to successful implementation of the different types of projects and grant schemes and improved mechanism for the next years. Specific knowledge on preparation of relevant documentation, both for programming and for implementation, gained through provision of expertise and/or trainings and coaching will ensure strengthened capacities and process throughout all beneficiaries and will be sustained for the future.

Moreover, setting up the operational inter-institutional and coordination mechanism for the implementation of the Youth Guarantee ensure full involvement of the relevant stakeholders with requested responsibilities and competences to guarantee the sustainability of YG measures implemented. Another strand of sustainability is ensured through an investment into a social dialogue, consultation of social partners and support to civil society organisations, youth organisation responsible for the outreach of the YG, providers of community-based social services and social enterprises which human and financial capacities should be enhanced and strengthened in order to guarantee inclusive reforms for employment and social policies anticipating and accompanying the impact on the labour market.

Financial sustainability will be ensured through better skills in programming of future ESF+ resources and this will enable utilisation of both EU and State budget resources, contributing to financial sustainability of overall resources invested in reform and accession processes.

The beneficiaries' institutions will be responsible for the institutional sustainability of the achieved outcomes. The accumulated knowledge will be transferred to future recruits of these institutions. Lessons learned will help to improve and strengthen the capacity of the staff, resulting in increased effectiveness and efficiency. Beneficiary institutions will ensure that the outputs of this action are fully used, allocating the necessary resources to ensure the sustainability of the action. This is guaranteed by technical and financial capacity of the MLSW responsible for its implementation.

The end recipients are obliged to ensure the sustainable use of the outputs in line with the Operational Programme, the contract or equivalent. The end recipients are obliged to allocate budget for ensuring the functioning and maintenance of the outputs and cover the costs of their operation and maintenance. The end recipients should recover the outputs to their initial condition in case of their damage or replace the outputs with those of minimum equal quality and functionality in case of their destruction.

The breach of the conditions for sustainability may lead to refund of the EU contribution in case the end recipients fail to take the necessary corrective measures for removing the deficiencies occurred.

Annex 1: Examples of operational areas of support and activities

For an **OP ESI**, some of the areas of support and activities for such programme could be presented as follows:

