



EUROPEAN CENTRE FOR SOCIAL WELFARE POLICY AND RESEARCH

Evaluation of the National Employment Strategy 2021- 2025 of Montenegro

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Table of Contents

Executive Summary	3
1 Introduction	4
2 Methodology	5
2.1 Overview of the Methodology	5
2.2 Limitations	7
3 Findings	8
3.1 Measurability	8
3.2 Relevance	11
3.3 Coherence	13
3.4 Consistency	16
3.5 Efficiency	17
4 Conclusions & Recommendations	19
Reference list	24

List of tables

Table 1. Overview of Employment Strategy's Operational Objectives and Performance Indicators.....	8
Table 2. Summary table of evaluation findings.....	19

Executive Summary

The evaluation of the **National Employment Strategy (2021-2025)** was conducted to assess its implementation status and provide evidence-based guidance for the development of the **National Employment Strategy (2026-2030)**. The evaluation focused on the Strategy's measurability, relevance, coherence, consistency, and efficiency, aiming to strengthen strategic planning and alignment with national labour market priorities and EU policy priorities.

The evaluation highlights that the current Strategy has laid the groundwork for Montenegro's employment policy and the next National Employment Strategy, providing a framework for future policies and actions. However, it identifies limitations in measurable outcomes, inter-institutional coordination, and continuity of measures across Action Plans. To address these challenges, we recommend the following:

- **Measurability:** Adopt an impact-based monitoring system with clear baselines and targets, prioritise outcome indicators, and establish a unified data management platform to track progress continuously.
- **Relevance:** Realign future objectives with evolving labour market trends, including digitalisation, green jobs, and youth employment.
- **Coherence:** Enhance inter-ministerial coordination, integrate overlapping measures, and implement a formal coherence check during Action Plan development and map actions against relevant EU priorities to ensure better compliance.
- **Consistency:** Maintain strategic continuity by carrying over effective measures and requiring Action Plans to justify modifications or discontinuation of activities.
- **Efficiency:** Introduce cost-effectiveness indicators, ensure financial transparency, and focus resources on high-impact, evidence-driven interventions.

Implementing these recommendations will help Montenegro build a more evidence-based, coherent, and results-oriented employment strategy, thereby advancing progress toward Chapter 19 of the EU Aquis (Social Policy and Employment).

1 Introduction

At the request of the Ministry of Labour, Employment and Social Dialogue of Montenegro, the European Centre conducted an analysis based on desktop research, of Montenegro's *"National Employment Strategy 2021-2025: the labour market response to global challenges"* (herewith the Strategy). The report aims to assist the Montenegrin Ministry of Labour, Employment and Social Dialogue in improving policy implementation.¹

The Strategy serves as the overarching framework for Montenegro's employment policies. Its main goal is to ensure "stable and sustainable employment growth based on equal opportunities and decent work, with the development of knowledge and skills and greater social inclusion" (Government of Montenegro, Ministry of Economic Development, 2021, p.6).

Within this report, we focus on the implementation of policy measures from 2021 to 2024 based on document analysis. We examine the alignment between the measures outlined in the annual Action Plans² (2021-2024) for the implementation of the Strategy, with its four Operational Objectives:

- **Operational Objective 1.** Achieving employment growth by investing in quality jobs and safe jobs, through the improvement of the business environment
- **Operational Objective 2.** Creating knowledge and competencies for the labour market in the digital age
- **Operational Objective 3.** Improving the position of unemployed persons in the labour market through the efficiency of labour market services and active employment policy measures and strengthening social inclusion and poverty reduction
- **Operational Objective 4.** Efficient functioning of the labour market

¹ This report is prepared in the frame of the project "Support Services for Bilateral Labor Market Cooperation in the Danube Region 2025-2029", commissioned by the Austrian Federal Ministry of Labour, Social Affairs, Health, Care and Consumer Protection (formerly Federal Ministry of Labour and Economy).

² The annual Action Plans include: *Annual report on implementation of the Employment Action Plan for 2021; Annual report on implementation of the Employment Action Plan for 2022; Employment Action Plan 2024, with the report on the implementation of the 2023 Employment Action Plan; Employment Action Plan for 2025, with the report on implementation of the Employment Action Plan for 2024.*

We reviewed available documents and analysed them using five key criteria: *measurability, relevance, coherence, consistency, and efficiency*. The analysis draws on data and qualitative information presented in the annual Action Plans (2021-2024), which examine the extent to which planned objectives, indicators, measures and activities were implemented as intended. Each criterion offers a distinct perspective for assessing performance, ranging from the clarity and reliability of indicators (measurability) to the extent of resource use and results delivery (efficiency).

By analysing the documents, we assessed the Strategy's implementation to determine whether the objectives were relevant to evolving labour market needs, whether activities and measures were aligned coherently across institutions and years, and whether implementation remained consistent over time. Emphasis is placed on understanding how the Strategy functioned in practice, whether it fostered coordination, supported learning, and effectively translated resources into tangible employment and skills outcomes. The findings should also inform the design of the next National Employment Strategy (2026-2030).

2 Methodology

2.1 Overview of the Methodology

The evaluation applies a compliance matrix approach to systematically assess the alignment between the strategic goal of the National Employment Strategy 2021-2025, its four Operational Objectives (herewith Objectives), and the corresponding measures and activities in the annual Employment Action Plans (2021–2024). The analysis is based on a desktop review of the available documents, using textual analysis and cross-referencing between the strategic goal, Operational Objectives, and reported results.

Each Operational Objective of the strategy is monitored through **performance indicators**. To achieve these Objectives, the Strategy defines specific **measures**, which are further broken down into **activities**. Each activity is linked to a **result indicator**, providing evidence of its implementation status and the degree of alignment with the Strategy. For the purposes of this evaluation, alignment is defined as: (1) *Aligned* - the result indicator confirms

the activity was reported to successfully be implemented; (2) *partially aligned* - the result indicator shows the activity was reported to be only partially implemented; and (3) *not aligned* - the result indicator shows the activity was reported to not be implemented. Throughout the analysis, alignment is reflected on each of the following criteria for the review:

Measurability was assessed by examining whether each Action Plan included clear and trackable performance indicators linked to the four Operational Objectives of the Employment Strategy. For each measure and activity, we verified the presence of indicators, (i.e. as the number of loans approved, the number of new jobs created, or the value of financial support provided, the number of participants in certain activities etc.). We also reviewed whether baseline values (2020), annual results (2021–2024), and target values (2023 and 2025) were available and consistently reported. Activities that lacked either defined indicators or had indicators not connected to baseline or target values, were considered weak in terms of measurability.

Relevance was determined by assessing the extent to which the activities in the Action Plans directly addressed the Operational Objectives of the Employment Strategy. This involved cross-referencing the stated aims of each measure with the actual activities reported to be implemented and analysing whether they are logically aligned with the performance indicators and contribute to the Operational Objectives. Activities that demonstrate a clear or direct contribution to the Operational Objectives were classified as highly relevant, the ones that show some contributions were classified as moderately relevant, and the ones with no clear contribution were classified as low in relevance.

Coherence was evaluated by analysing the degree to which the measures and activities complemented one another to reach the operational Objectives of the Action Plans. The assessment considered *internal coherence*, meaning the extent to which activities under the same measure reinforced each other. It also reviewed *external coherence*, examining whether activities aligned with the overarching aim of sustainable employment growth and EU (European Union) policy priorities.

Consistency referred to the logical continuity between the Strategy's Operational Objectives, the activities outlined in the Action Plans, and the results presented in the monitoring data across the years. This assessment examined whether the implementation results reported between 2021 and 2024 consistently corresponded to the performance indicators defined in the

Strategy. This report reviewed the extent to which the 2024 Action Plan built upon past achievements and responded to the gaps identified in the previous Action Plans (2021, 2022, 2023). Alignment between measures and activities with the Strategy's objective were considered of strong consistence whereas any contradictions or mismatches were considered as weaknesses in consistency.

Efficiency was analysed by comparing the planned and implemented financial allocations with the outputs achieved, based on the available data. The analysis focused on whether resources were used proportionately to deliver the intended results. Activities where large budgets were allocated but the outputs remained limited were considered to demonstrate low efficiency, while activities that achieved strong results with relatively modest resources were seen as efficient.

By applying these criteria, we adhered to the Better Regulation Guidelines from the European Commission (2021b). The key principle of comprehensiveness includes the criteria of relevance, coherence and efficiency, which are essential for reviewing the Action Plans, as they ensure that its objectives are clear, aligned with strategic Objectives, and trackable for progress.

2.2 Limitations

Although the evaluation provides a structured assessment of the Employment Strategy's status based on reviewed documents, several methodological limitations should be noted. First, the analysis relies exclusively on official documents such as the Strategy and the annual Action Plans. As such, the findings are limited to what is reported in these documents and cannot capture unreported or informal aspects of implementation. Second, the five criteria for evaluation are assessed only through the information available in the Action Plans and reports. In particular, the assessment of efficiency is constrained by the lack of comprehensive financial data. While some activities include planned and implemented funds, cost-effectiveness cannot be fully measured without detailed information on inputs, overhead costs, and broader economic impacts. Third, the methodology does not include triangulation with primary data collection, such as stakeholder interviews, surveys, or case studies, which would provide a richer perspective on implementation challenges and outcomes. As a result, the analysis cannot

reflect the views of beneficiaries, implementing institutions, or social partners, nor can it validate whether reported achievements were experienced on the ground. Fourth, while coherence with EU-level priorities was considered where possible, the review did not systematically map all national measures against international frameworks due to scope and resource limitations. Similarly, additional Better Regulation principles, such as proportionality and evidence-based assessment, were not applied for this evaluation, as they would require extensive data gathering and impact evaluation beyond the scope of this review. Finally, the compliance matrix approach, while useful for mapping alignment, is limited. Categorising activities as “aligned,” “partially aligned,” or “not aligned” simplifies complex processes of policy implementation and may overlook nuances such as delays, qualitative improvements, or unintended outcomes.

To provide a clearer understanding of how the strategy is being implemented and its overall status quo, an in-depth evaluation should be conducted applying also supplementary methods such as interviews, stakeholder feedback, and outcome monitoring.

3 Findings

3.1 Measurability

The Strategy relies on a structured hierarchy: the main strategic goal, Operational Objectives, performance indicators, measures, activities, and result indicators attached to each activity and results. The measurability of the Action Plans has slightly improved over time (2021-2024), but indicator definitions remain heterogeneous. The Employment Strategy has a total of four Operational Objectives. Each Operational Objective has its own performance indicator (see Table 1).

Table 1. Overview of Employment Strategy’s Operational Objectives and Performance Indicators

	Operational Objective 1	Operational Objective 2	Operational Objective 3	Operational Objective 4
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Performance Indicator 1	Increase in registered employment	% of participation of adults (25-64) in lifelong learning	Reduction of the registered unemployment rate	Assessment from the EC Report for Chapter 19
Performance Indicator 2	Increase of minimum wage	Increasing the participation of individuals who have basic or above basic overall digital skills, for the population 16-74	Reduction of the long-term unemployment rate	Assessment from the EC Report for Chapter 2
Performance indicator 3	Reduction of the labour tax wedge		Reduction of the share of youth aged up to 29 in registered unemployment	
Performance Indicator 4	Increase in the number of registered collective agreements			

Note: Information extracted from the National Employment Strategy 2021-2025.

Across 2021-2024, indicators existed for most activities, reflecting strong measurability. However, the evolution of performance indicators was uneven across the four reporting years. Operational Objective 1 indicators (e.g. “registered employment”, “minimum wage”, and “labour cost burdens”) showed the most measurable early progress but later stagnated. Registered employment rose steadily from 176,693 in 2020 to 223,744 in 2022, surpassing the 2023 target (210.000) ahead of time³. In contrast, Objective 2 indicators on “lifelong learning” and “digital skills” fluctuated modestly (i.e. for the same measure (2.2) there were 6 activities in 2021, 7 in 2022, 6 in 2023 and 17 in 2024). While Objective 4 relied mainly on descriptive or qualitative measures with limited time-series data, preventing consistent trend analysis. Only a few indicators like “registered employment”, and “adult participation

³ Information gathered from the draft Report on implementation of the Employment Action Plan for 2023 provided by the Ministry of Labour, Employment and Social Dialogue.

in lifelong learning” were consistently tracked across all years. Descriptive/qualitative measures can be difficult in terms of measurability. For instance, they can have bias depending on the person conducting the evaluation, if the instructions are not clear, or if the context changes. For this nature of qualitative indicators this bias issue also applies to the other evaluation criteria, particularly **coherence** and **consistency**.

Despite broad indicator coverage, most measures remained process-oriented (e.g. “number of trainings conducted,” “number of beneficiaries registered”) rather than outcome-oriented. While measurable, process-oriented indicators primarily captured activity delivery rather than labour market results. The Action Plans generally included indicators at the level of measures and activities, but baseline values, target levels, and annual progress tracking were inconsistently applied. For instance, under Operational Objective 2, activities often reported that training sessions were held but did not record how many participants improved employability or gained employment. Similarly, under Objective 4, results were often summarised as “Law implemented” or “Report published,” which describe intentions or outputs in a simple binary approach rather than a measurable impact or success indicator that demonstrates the performance of the activity.

This approach of qualitative reporting limits comparability between years and weakens verification of progress. Cross-year measurability is limited, as no activity or indicator remains fully identical across 2021-2024; only a few measures such as the “self-employment grants” (1.2.7 in 2022-2023) and “training programs for the unemployed” (Objective 3) exhibit partial continuity, though with variations in exact definitions and scope. This lack of continuity prevents longitudinal assessment and makes it difficult to evaluate cumulative outcomes or policy effectiveness over the 2021-2024 period.

Moreover, data disaggregation remains insufficient. Indicators are mostly reported in aggregate form, without breakdowns by gender, age, or region, which limits the Strategy’s ability to assess equity and inclusion outcomes, particularly under Objective 3. Similarly, definitions of indicators were often inconsistent, i.e. such as “newly employed” versus “newly appointed,” which further complicated cross-year comparisons.

Overall, the Strategy demonstrates a sufficient design of the indicators in terms of measurability for basic performance monitoring but lacks analytical depth to track outcomes over time and in terms of their substantive contributions. The imbalance between quantitative and qualitative reporting

reflects a compliance-oriented monitoring approach rather than a learning-oriented one. This approach is constraining because it focuses on documenting implementation progress rather than understanding why results occurred or how interventions contributed to broader impacts. The most successful cases, such as job creation through *self-employment grants*, show that clear, quantifiable indicators enable stronger accountability and results management, an approach that should be extended to all Operational Objectives in the next strategic cycle (2026–2030).

3.2 Relevance

The assessment of relevance in this chapter focuses on Operational Objectives in terms of how effectively activities and measures contributed to their specific strategic aims. The rationale behind this is that each Operational Objective addresses a distinct policy dimension ranging from employment growth and skills development to social inclusion and labour market efficiency, which means that evaluation of such a varied issue areas requires strongly relevant approaches and indicators that are tailored to the specific cases. The match of relevance of activities to the Operational Objectives was largely maintained throughout the 2021–2024 period, although with varying degrees of alignment and coverage across the four Operational Objectives. In general, the Action Plans continued to reflect the overarching goal of promoting employment, skills development, inclusion, and labour market efficiency, but the strength of the relationship between activities, measures, and outcomes varied across Objectives and years.

Operational Objective 1 demonstrated the strongest relevance across measures and indicators. Activities such as the “self-employment grants” (1.2.7 in 2022–2023), “wage subsidies for employers” (1.2.4–1.2.5), and “subsequent entrepreneurship support for women and youth” (1.2.8, 1.2.10) contributed to job creation, business formation, and the promotion of decent work, confirming clear alignment between the strategic goal and implementation outcomes. These measures demonstrated a clear link between policy actions and the performance indicator on registered employment, which steadily increased for instance from 176,693 in 2020 to 223,744 in 2022. Activities under this Objective remained highly relevant because they directly addressed Montenegro’s priority of employment growth. However, certain sub-dimensions, such as social dialogue and collective bargaining, were underrepresented. While the Strategy included a

performance indicator on the number of collective agreements, the Action Plans had very few concrete activities implemented to strengthen social dialogue and collective bargaining revealing a gap between the strategic goal and the operational response.

Operational Objective 2 demonstrated moderate relevance. Training and upskilling measures were well aligned in concept, supporting human capital development and digital transformation. However, the link between training provision and actual employment outcomes was weak, as many programmes focused on general rather than market-specific digital skills, with limited employer involvement to ensure alignment with labour market demand. Most related performance indicators measured participation rather than impact (i.e. number of people trained vs. number of trainees subsequently employed). Moreover, training topics and target groups shifted focus from year to year, ranging from vocational retraining related measures in 2021 to digital literacy in 2024 which reduced continuity and hindered the long-term policy relevance of these interventions in their ability to relate to the Objective's outcomes.

Operational Objective 3 also demonstrated moderate relevance. Activities such as training programmes for unemployed persons and adult education initiatives were conceptually aligned with the Objective and often accompanied by quantitative indicators such as the *number of participants*. However, other measures, i.e. those targeting vulnerable groups or service modernisation, were reported qualitatively ("implemented") without outcome data. While outputs were measurable, the absence of indicators linking these actions to longer-term inclusion or poverty-reduction outcomes limits their overall relevance for assessing labour-market impact.

Operational Objective 4 demonstrated the weakest relevance overall. While measures under this Objective, such as institutional capacity building and adoption of legal frameworks, were theoretically important for improving labour market efficiency, they were often reported as implemented as stand-alone administrative actions without measurable or visible impact. For example, the adoption of the General Collective Agreement (Activity 4.1.1) (in the 2022 Action Plan) was recorded as an achievement, yet its contribution to improved labour market efficiency or governance outcomes was not substantiated through indicators or follow-up monitoring.

Generally, the relevance of measures under Montenegro's Employment Strategy varies across Operational Objectives. Measures under Objective 1,

such as self-employment grants, were well-aligned, directly supporting new business creation and measurable employment outcomes, while digital skills training initiatives under Objective 2 aligned with national digitalisation priorities and EU employment frameworks. In contrast, partially misaligned measures included competitiveness support schemes, which, although beneficial for the economy, lacked direct linkages to employment outcomes, and administrative or legislative reforms under Objective 4, which had limited demonstrable effect on labour market performance. Overall, relevance was strongest under Objective 1, moderate under Objectives 2 and 3, and lowest under Objective 4.

3.3 Coherence

Coherence is examined in this evaluation at two levels: internal (linkages within the Strategy and Action Plans) and external (alignment with broader policy frameworks, particularly EU priorities).

Internal coherence within the Strategy and its Action Plans was maintained at a structural level, with clear linkages between strategic goals, Operational Objectives, and annual activities visible across all reporting years. Under Objective 1, recurring measures such as “entrepreneurship loans” (1.2.1-1.2.4) and “self-employment grants” (1.2.7) ensured thematic continuity, demonstrating a focus on job creation and business development. Similarly, Objective 3 showed relatively strong internal coherence. Measures on training, entrepreneurship, and social inclusion were closely interconnected and often implemented through complementary programmes. Repetition of key activities such as training for work with employers (3.1.5-3.1.7) and entrepreneurship support (3.4, 3.10) helped maintain alignment across years, reinforcing synergies between employability and inclusion goals.

Internal coherence under Objective 2 was moderate. While education, training, and digital skills measures were conceptually aligned, they were implemented separately by the Ministry of Education and the Employment Agency without shared indicators or coordinated targets. The Ministry focused on formal and adult education initiatives, while the Employment Agency managed labour-market training programs. This separation might raise questions at potential limitations on coordination with employers and could potentially weaken the link between training provision and employment outcomes.

Objective 4 displayed the weakest coherence. Although conceptually linked to the Strategy, activities such as the Draft Law on Amendments to the Labour Law (Activity 4.1.1) (2024 Action Plan) were not operationally tied to measures under other objectives. This isolation suggests that there might be limitations in Strategy's ability to translate institutional or legislative reforms into concrete labour market improvements.

Despite overall structural alignment, several gaps emerged. The decline in collective agreements after 2021-22 was not countered with new actions to strengthen social dialogue, despite its inclusion as a performance indicator. These examples suggest that while internal coherence existed on paper, it was sometimes challenged during implementation. In addition, coherence between policy levels (strategy, to Action Plan, to measure) are not well leveraged in practice in the measures of the Plan. Some activities pursue similar objectives under different institutional umbrellas, leading to duplication. For instance, activities under Objective 1 sometimes overlap with Objective 3 (e.g., employer incentives appear under both). Furthermore, measures promoting skills development (Objective 2) are scattered across other Objectives (e.g. 1 and 3) without coordination.

In terms of **external coherence**, the Strategy was generally aligned with EU policy priorities such as the EU Economic and Investment Plan for the Western Balkans issued in 2020⁴ and the European Green Deal⁵, as well as priorities outlined in the accession negotiation chapters (mainly 'competitiveness and inclusive growth' cluster particularly Chapter 19) of European Commission's annual country reports (European Commission, 2021a; 2022; 2023; 2024a, 2025a), as also confirmed in the annual Action Plans.

For instance, as also mentioned in the European Commission's country report, measures focusing on promoting labour market activation, entrepreneurship, and skill development reflect EU emphasis on economic competitiveness and social inclusion (European Commission, 2023). Furthermore, as reported in 2024 Action Plan and European Commission's report, Montenegro has made some progress in alignment with Chapter 19 of the Aquis, particularly regarding work towards the legislative alignment of the Draft Law on Amendments to the Labour Law (European Commission, 2024a), which was nonetheless not implemented due to the fact that it was not possible to establish a mechanism for its monitoring and implementation, as was

⁴See: COM/2020/641 final <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52019DC0640>

⁵ See COM/2019/640 final <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52019DC0640>

reported in the 2024 Action Plan. According to the European Commission's 2025 country report, some progress was made by completing the Draft Law on Amendments to the Labour Law; however, amendments are still pending to be adopted (European Commission, 2025a).

Furthermore, the 2024 Action Plan shows that the Government of Montenegro has taken into account Commissions 2024 recommendation to further advance the reform on the Employment Agency⁶, as also confirmed in the Commission's 2025 report (European Commission, 2025a).

There are, however, some other challenges that Montenegro faces in the labour market, which are shared across the Western Balkan countries. Structural issues, such as the wide gender gap, skills mismatches, and a high prevalence of undeclared work, continue to pose common obstacles to the business environment, the workforce, and overall growth across the six economies (European Commission, 2024b). Such challenges persist in 2025, where active labour market policies still do not sufficiently target the most vulnerable groups, and undeclared work persists as a significant concern across all the Western Balkan countries (European Commission, 2025b). In the case of Montenegro, although tackling undeclared work is an important measure in 2024 Action Plan, development on the matter for 2024 are hindered because Draft Law on Amendments to the Labour Law has not yet been adopted, as reported in the 2024 Action Plan, and the latest Commission Report (2025a).

The European Commission (2025a) recommends that strengthening social dialogue, including the capacities of social partners (Objective 1 of the Strategy), remains essential to effectively address the above-mentioned challenges. The 2024 Action Plan highlights some progress made; however, this issue remains a priority, as reflected in the plan's recommendations.

Overall, this evaluation indicates that Montenegro is committed to aligning with EU priorities, particularly regarding the aforementioned issues. However, the alignment is often reactive to EU recommendations and new initiatives, rather than planned. For instance, some EU-driven activities reported in the Action Plans (i.e. on green and digital transitions) appeared mainly in the 2023 Action Plan and 2024 Action Plan. A possible explanation is that the European

⁶ Referring to Activity 4.2.3 of 2024 Action Plan.

Commission signed association agreements for the Digital Europe Programme⁷ with Montenegro and other Western Balkan countries. After signing this agreement, Montenegro became eligible to access funds and participate in EU projects in areas like artificial intelligence, advanced digital skills, and digital innovation hubs. As a result, the incorporation of digital and green transition measures in the 2023 Action Plan could be a reflection of a response to new EU opportunities and external policy alignment pressures, rather than a continuation of Montenegro's pre-existing Strategy.

While this strengthened external coherence with EU policy priorities, it also introduced gaps in internal coherence, as newly added activities were not systematically linked with earlier Operational Objectives or ongoing measures. Some measures were carried over year after year, while others appeared as one-off or disconnected, limiting their potential for a holistic, integrated approach.

3.4 Consistency

Consistency assesses the temporal continuity and logical continuation of measures across reporting years. By examining whether activities from earlier Action Plans are maintained, adapted, or discontinued, this analysis identifies the extent to which the Strategy has built cumulative progress rather than implementing isolated or one-time measures.

Overall, the consistency of measures and activities across years is mixed. Continuity of measures was strongest where indicators were quantitative and clearly measurable, and activities were carried forward consistently to reach the objectives within the scope of the Action Plans. For example, under Objective 1, entrepreneurship and self-employment measures were implemented consistently and tracked through similar metrics. These actions showed stable design, content, and reporting, allowing visible progress over time. Objective 3 also displayed a relatively high degree of methodological consistency, as indicators such as “number of registered unemployed participating in active measures” were used repeatedly. Programmes

⁷ See here: https://enlargement.ec.europa.eu/news/digital-europe-programme-opens-candidate-countries-montenegro-north-macedonia-albania-and-serbia-2023-06-30_en

supporting vulnerable groups and persons with disabilities (3.5) appeared annually, demonstrating thematic continuity.

However, across most other Objectives, consistency was restricted by the lack of standardized indicators and activity identifiers. Continuity can be observed qualitatively (similar themes recurring) but not quantitatively (the same activity tracked across years). For instance, “entrepreneurship support” (Objective 1) and “IT skills development” (Objective 2) were repeated yearly but with varying scopes, targets, or indicators, which eventually affects comparability over years. Consistency was weakest under Objective 4 (Efficient functioning of the labour market), where activities differed substantially between years and lacked a stable set of indicators. The adoption of the Law on Volunteering (4.1.2) in the 2021 Action Plan, reported as planned but not implemented, was dropped in the subsequent Action Plans without clear reasoning or substitution. In some cases, the non-implemented or delayed measures were often omitted in subsequent years rather than revised or continued. For instance, some training-related measures under Objective 2 were replaced with new programmes in 2023 and 2024 instead of being adapted or extended.

This pattern suggests there are limited feedback loops between annual monitoring and planning. The lack of a carry-over mechanism between yearly reporting cycles hinders long term monitoring, or strategic learning.

3.5 Efficiency

The efficiency assessment evaluates how well activities and measures under the Employment Strategy 2021-2024 delivered results relative to the resources allocated. As financial data in the Action Plans and reports are limited, efficiency is evaluated based on available evidence, considering both cost-effectiveness (where data exist) and the extent to which similar measures across 2021-2024 achieved their intended results.

Throughout the 2021-2024 period, Operational Objective 1 demonstrated the highest efficiency. Several measures under this Objective not only achieved but also exceeded their planned targeted aims and budget execution. For instance, the self-employment grants programme (Activity 1.2.7) generated 159 new enterprises in 2021, directly contributing to registered employment growth. Similarly, measures on increasing minimum wage yielded measurable

outcomes, confirming that resources were effectively translated into tangible results (i.e. the minimum wage was increased to EUR 600 in 2024, exceeding the EUR 450 target for that year).

Under Operational Objectives 2 and 3 efficiency was moderate. Activities were reportedly implemented extensively (Objective 2: “number of trainings conducted,” “number of participants”). In addition, in Objective 3 adult education and training programmes (e.g., 3.1.5-3.1.7) were overall implemented consistently and reached high participation levels, indicating good institutional capacity. However, the results are often unclear whether they improve employability and increase labour market participation. As a result, while targets were achieved, the extent to which these contributed to employment outcomes is not fully clear, pointing to potential opportunities to enhance efficiency and outcome orientation. By 2023-2024, efficiency showed moderate improvement, supported by recurring programmes such as those promoting women’s and youth entrepreneurship (Objective 3). Nonetheless, certain constraints persisted, notably underutilised funds and delays in implementation.

Efficiency was lowest under Operational Objective 4, where several planned measures reportedly remained partially or entirely unimplemented. The Draft of the Law on Professional Rehabilitation and Employment of People with Disabilities (4.1.4), for example, appeared in the 2021 Annual Plan but was never completed. Administrative efficiency was generally strong within key institutions, notably the Employment Agency and the Ministry of Labour, Employment and Social Dialogue, which demonstrated a strong capacity to manage recurring programmes such as entrepreneurship grants and wage subsidies.

In general, efficiency was strongest where results exceeded planned targets or budgets were fully absorbed, and weakest where implementation was delayed or incomplete. The findings suggest that programmes with clear eligibility criteria, measurable indicators, and short implementation cycles (i.e., self-employment grants, wage subsidies) demonstrated higher efficiency, while complex institutional or legislative measures requiring interministerial coordination performed lower efficiency.

4 Conclusions & Recommendations

The evaluation of the National Employment Strategy 2021–2025 confirms that Montenegro has made progress in advancing employment growth, supporting entrepreneurship, and improving labour market participation as reported by the annual Action Plans. The review across all five evaluation criteria (measurability, relevance, coherence, consistency, and efficiency) shows that while the system of planning and reporting has matured, it reveals weaknesses in indicator measurability, policy coherence, continuity of actions, and financial efficiency. Furthermore, the Action Plans rely mostly on descriptive reporting rather than analytical evaluation. The table below summarises the main findings of the evaluation across the five criteria:

Table 2. Summary table of evaluation findings

Criterion	Overall Assessment	Strengths	Weaknesses
Measurability	Indicators exist but are tracked unevenly across years; Objective 1 strongest.	Clear data on registered employment, self-employment grants, adult learning.	Missing baselines: qualitative results limit comparability; weak tracking in Objective 3 and 4.
Relevance	Generally aligned with Objectives, but uneven across Objectives.	Objective 1 measures (grants, entrepreneurship) directly boost employment; digital skills align with EU focus.	Weak link between training and employment (Objective 2); few actions on collective agreements (Objective 1); limited reform progress (Objective 4).
Coherence	Moderate internal and external coherence; improved after 2023. Moderate alignment with EU priorities.	Synergy between Objective 1 and Objective 3; recurring entrepreneurship programmes.	Fragmented training actions; weak link with institutional reforms.
Consistency	Some thematic continuity, but poor follow-up on unimplemented actions.	Stable programmes on entrepreneurship and activation; support for vulnerable groups.	Dropped or delayed measures without revision; weak continuity on labour law and collective bargaining.

Efficiency	Varies by funding source.	Self-employment grants exceed targets; EU projects well-tracked.	Low budget absorption, weak efficiency data in governance reforms.
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Nonetheless, the 2021-2025 Strategy offers valuable lessons for the upcoming *Employment Strategy 2026–2030*.

Main Takeaways

Institutional progress is visible: Montenegro has established a relatively stable planning and reporting process, with measurable improvements in the scope and structure of indicators.

Performance gaps remain: Some indicators were discontinued or lacked clear baselines, reducing the ability to monitor progress over time.

Continuity across years is inconsistent: Several non-implemented activities were replaced rather than refined, limiting institutional learning.

Efficiency improves when measures are designed with quantifiable targets and straightforward implementation arrangements:

complex, multi-institutional reforms require stronger coordination mechanisms to prevent delays and underperformance.

Policy integration is improving: However, overlaps between training, inclusion, and employment measures show that stronger coordination across ministries remains essential.

Based on the evaluation criteria, we recommend the following for the upcoming National Employment Strategy (2026–2030):

➤ **Measurability**

To strengthen accountability and prepare the groundwork for the 2026 Strategy, Montenegro should transition from an activity-based to an impact-based monitoring system. We recommend to:

- Introduce mandatory numerical baselines and targets for all indicators, supported by reliable data sources (Statistical Office, Employment Agency).
- Prioritise outcome indicators (e.g., job retention rates, transitions from training to employment) over process indicators (“implemented/ongoing”).
- Standardise indicator definitions across years to ensure comparability.

- For the 2026 Strategy, establish a dedicated data management platform for continuous indicator tracking and evaluation support.

➤ **Relevance**

While most activities addressed operational Objectives, coverage across policy areas was uneven. We recommend to:

- Conduct a mid-term policy relevance review to realign activities with evolving labour market trends (digitalization, green jobs, youth unemployment).
- Reassess underrepresented areas such as collective bargaining, labour rights, and social dialogue, integrating them as explicit Objectives in the 2026-2030 Strategy.
- Strengthen the link between training measures and employment outcomes, i.e. using longitudinal tracking tools⁸.
- To improve alignment in 2026-2030, ensure a clearer logical connection between activities, performance indicators, and strategic outcomes, so that every action demonstrably contributes to sustainable employment, social inclusion, and labour market efficiency.

➤ **Coherence**

Overlaps between measures (particularly under Objective 2 and Objective 3) point to fragmented governance. There is a need for coherence of measures across the different Objectives and over time to ensure a more efficient use of the budget and, sustainability of the outcomes of the activities. We recommend to:

- For 2026-2030 Strategy, design integrated programmes that jointly address skills, inclusion, and employment (e.g., check Commission's ALMA⁹ initiative for reference).
- Introduce a coherence test during Action Plans drafting to prevent duplication and ensure each activity contributes to a single Operational Objective.

⁸ For example: integrated database linking Employment Agency records with social insurance and tax data.

⁹ See here: https://employment-social-affairs.ec.europa.eu/policies-and-activities/skills-and-qualifications/alma-active-inclusion-initiative-young-people_en

- Establish a permanent inter-ministerial coordination body for labour, education, and social policies (this could be supported through an EU-funded capacity-building project in 2026).
- Ensure alignment with EU priorities and the 2025 enlargement package by systematically reviewing planned measures against EU strategic frameworks and funding instruments to reinforce convergence with EU standards, especially ensuring the implementation of the Labour Law in 2025.

➤ **Consistency**

Action Plans often introduced new measures instead of continuing or improving those from previous years, thus weakening strategic continuity. We recommend to:

- Assess the feasibility of specific measures and activities before including them in Action Plans.
- Create a “carry-over mechanism” ensuring that unimplemented or partially implemented activities are continued until completion or justified replacement.
- Require each Action Plan to include a consistency matrix showing which measures are maintained, modified, or discontinued, with clear rationale.

➤ **Efficiency**

Future employment plans should include mechanisms to clearly link implementation activities to measurable employment outcomes. This will help ensure that resources are used efficiently, improve the cost-benefit ratio of interventions, and provide stronger evidence of their actual impact on the labour market. We recommend to:

- Introduce annual efficiency ratios (i.e., cost per job created cost per training graduate employed).
- Require detailed financial reporting for every measure (planned vs. actual expenditure) to strengthen fiscal transparency.
- Concentrate funding on a smaller set of high-impact measures with proven cost-effectiveness and external monitoring mechanisms.

- For the 2026-2030 Strategy, develop a cost-effectiveness assessment tool to guide annual budget allocation¹⁰.

By taking these steps, Montenegro could strengthen the measurability, relevance, coherence, consistency, and effectiveness of its upcoming National Employment Strategy, gradually moving towards a more sustainable, evidence-based framework that could support progress towards meeting the Chapter 19 (Social Policy and Employment) criteria of *Acquis* for EU accession.

¹⁰ Please see initiatives and guidelines under European Network of Public Employment Services, https://employment-social-affairs.ec.europa.eu/news/pes-network-publishes-15-new-pes-practices-2024-2025-02-17_en?utm_source=chatgpt.com

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