

**MINISTRY OF EDUCATION AND SPORT**

**STRATEGY OF DEVELOPMENT AND FINANCING  
OF HIGHER EDUCATION IN MONTENEGRO  
2011-2020**

April 2011

## INTRODUCTION

Higher education reform and reorganisation of universities in Europe launched after signing the Bologna Declaration in 2003, began at higher education institutions by adopting the new Law on Higher Education (2003), and continued by passing statutes of universities and faculties (2004) and secondary legislation concerning their implementation, thus creating a normative and institutional framework of higher education in Montenegro. During that period, the University of Montenegro was the only post-secondary or higher education institution in Montenegro. Currently, higher education in Montenegro can be acquired at one public university – University of Montenegro, two private universities, Mediterranean University and the University of Donja Gorica and 7 independent private faculties. Nowadays, there are about 25000 students in Montenegro, 20000 of which receive education at the University of Montenegro, and about 5000 at private higher education institutions. About 70% of students attend studies from the group of liberal arts, whereas only 3% attend the studies of art.

The new Law on Higher Education called for the reform of higher education, principally for the purpose of increasing efficiency of studies and alignment of the system with European trends in higher education based on the principles of the Bologna Declaration and the Lisbon Convention. Obligations arising from approaching the Bologna process and Lisbon Convention were essentially aimed at accomplishing objectives of prime importance for promoting the European higher education system, such as:

- Adopting a system based on the three cycles of studies - undergraduate, postgraduate and doctoral;
- Introducing ECTS – European Credit Transfer System as a measure of volume of studies;
- Adopting a system of easily understandable and comparable academic titles;
- Introducing diploma supplement as a supporting document which describes the completed programme;
- Introducing joint degree issued by two or more institutions;
- Promoting European cooperation in providing quality;
- Promoting student and teaching staff mobility;
- Defining the procedure of recognition of the acquired qualifications and degrees in accordance with the Lisbon Convention;

- Establishing accreditation agency;
- Introducing quality assurance system;
- Engaging students as partners in educational process;
- Establishing university as the only legal entity (request of the Magna Charta Observatory);
- Establishing possibilities for implementation of lifelong learning (LLL).

Educational activities of higher education institutions are carried out through academic and applied study programmes. The study programmes are organised as undergraduate, postgraduate and doctoral studies.

Undergraduate academic studies last three or four years (180 or 240 ECTS credits), whereas undergraduate applied studies last three years (180 ECTS credits).

Medical studies last six years (360 ECTS credits), while dentistry and pharmacy studies last five years (300 ECTS credits).

Postgraduate specialist studies last one year (60 ECTS credits).

Postgraduate master studies (both academic and applied) last one year (60 ECTS credits) after completing specialist studies, and two years (120 ECTS credits) after undergraduate studies.

Doctoral studies last three years (180 ECTS credits).

Scope of a study programme carried out during one year amounts to 60 (ECTS) credits.

From the analysis of higher education, and the report on re-accreditation of institutions and study programmes, it can be concluded that:

- The quality of education in Montenegro varies considerably, both on the level of higher education institutions, and on the level of different study programmes at same higher education institutions;
- Rapid growth in number of higher education institutions and number of students, without relation of such growth with the needs of labour market.
- System of financing higher education does not follow changes in growth of higher education;
- Private investments (companies, funds and other legal entities and natural persons) represent a constituent part of higher education system with growing involvement in financing of higher education;
- Cooperation between higher education institutions, intended at raising general level of education quality, is not at a satisfactory level;

- Introduction and implementation of the Bologna process is still not the subject of analysis;
- There is a low number of citizens holding higher education degree compared to the developed countries;
- The concept of lifelong learning is still not sufficiently promoted and developed;
- There is no data base on Montenegrin Scientific Diaspora and their involvement in the home country;
- Higher education system is not competitive and attractive on international scene;
- International cooperation and academic mobility is not on a satisfactory level (lack of lectures in English, insufficient infrastructural capacities: accommodation...);
- Scientific research work is not sufficiently included in higher education process.

Montenegro, i.e. the relevant public institutions, bears responsibility for the structure and quality of higher education. In that sense, it is essential to have a strategy of development of higher education, recognising regional and Euro-Atlantic integration processes, as well as national interests, cultural, historical and national distinctiveness. Higher education development must support and encourage social and economic development of Montenegro, its competitiveness and international identity.

The most important resource of a country is knowledge, which, broadly considered, relates to quality of education. It is the responsibility of higher education institutions to provide conditions for in depth study of relevant fields of specialisation, offering at the same time general education programmes that can serve as a basis for lifelong learning. Institutional diversity and offer of numerous and diverse study programmes are the result of the increased number of requests for specialisation and importance of specialised knowledge. In that sense, new and reformed higher education institutions will best serve public interest if they focus on a predefined group of objectives, the implementation of which will contribute to the efficient society development. Information flow, building and implementing new technologies through exchange of knowledge and experts are crucial for sustainable development of society.

Rapid growth of small countries poor in natural resources is explained by developmental policy, which promoted education and science as national priorities.

Concerning the preparation of this document we faced a dilemma whether to conduct comprehensive analysis, theoretical considerations and resolve each matter directly, or handle the problem in a practical, dynamic and evolutionary manner.

We decided to take the second approach, bearing in mind the fact that the analysis of this field had already been conducted by the Montenegrin Academy of Sciences and Arts in project titled “Montenegro in the XXI Century – in the Era of Competitiveness”, sub-project “Education”.

Proceeding from conclusions of the mentioned study we considered the three important elements of practical significance that form the context of thinking and preparation of Strategy:

- Montenegro is a small open country and its higher education system is increasingly competitive with countries of the region;
- Entering the European Union – appreciating at any moment the fact that we “live in a country” with about 500 million residents, market size amounting to €12,000 billion of GDP and in which English, German and French language dominate;
- Globalisation – global competition at knowledge market, possibility of growing immigration of foreign students to Montenegro.

## THE MISSION

<p><b>Developing effective and high quality system of higher education and research which will enhance the social and economic growth of Montenegrin society, as an equal opportunities society, in line with principles of freedom and democracy.</b></p>
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**Principles which reform and development of higher education are based on:**

- Social and economic development of modern society is conditioned by innovation capacities;
- One of the prerequisites of a knowledge-based society is a higher education system characterised by efficiency and innovation;

- Quality of higher education is a key premise of survival and development of higher education institutions in the era of regional and global competition;
- Higher education institutions should be oriented towards students, their expectations, needs, preferences and personality development;
- Higher education is a system of all higher education institutions licensed to operate.

## **OBJECTIVES**

**The defined mission will be accomplished by meeting objectives. Specific measures and activities for implementation of all of the following objectives have been set.**

- Providing and promoting high quality of higher education;
- Linking higher education and labour market and increasing entrepreneurial and innovation character of education;
- The share of population with higher education degrees aged 30-34 should be at least 40% in 2020;
- Establishing a model of lifelong learning based on a good international practice;
- Research oriented higher education;
- Internationalisation of higher education;

### **Objective 1: Providing and promoting quality of higher education**

#### **Measure 1: Analysing the results of implementing the Bologna Declaration principles**

This measure will be implemented through evaluation of:

- Activities of the Council of Higher Education;
- Adequate credit rating of each course and extra-curricular activity;
- Effectiveness of studies (duration of studies and knowledge, skills and competences recognised and applicable at the labour market);
- Enrolment policy and enrolment quota;

- Alignment of study programmes with the actual needs of labour market;
- Quality of teaching and mentoring;
- Improvement of mobility of students, researchers and teaching staff;
- Implementation of the Lisbon Convention in the field of recognition of prior learning, degrees and qualifications;
- Implementation of the Bologna Declaration from the aspect of creating a more favourable scientific research climate at higher education institutions;
- Implementation of organising joint study programmes leading to awarding joint or double degrees;
- Lifelong learning concept.

### **Measure 2: Development of study programmes**

This measure will be implemented through the following activities:

- Developing qualifications in line with the framework of qualifications and needs of labour market;
- Encouraging of entrepreneurial and innovative component of education at all higher education institutions;
- Including case study analysis;
- Studying through solving problems from the practice at all study courses;
- Improving IT support at all study courses and computer literacy of all students of higher education institutions;
- Providing training in fundamental courses of certain study programmes;
- Establishing cooperation between higher education institutions;
- Developing professional ethics.

### **Measure 3: Improvement of teaching**

This measure will be implemented through the following activities:

- Prior to assuming the title of lecturer, a candidate is obliged to spend at least two years as a teaching associate, in case they had not performed that sort of work earlier;
- During the education process, each higher education institution should introduce mandatory presentations and discussions about scientific research projects from that field, for at least 40% of study programmes;
- Obtaining Bachelor Degree implies English language proficiency at C1 level and second foreign language at B1 level. The certificate of language

- proficiency (issued by an institute or an accredited school of foreign languages) is a part of the diploma supplement (as of 2015);
- Defining strict conditions for writing textbooks, especially for mandatory courses of a study programme. Introducing a standard of writing university textbooks specifying clearly the results of studying (summarising after each chapter what a student should know as a minimum standard for successful exam taking);

The use of world's best textbooks is recommended.

**Measure 4:** Amending regulations (laws and secondary legislation) governing the field of higher education, especially in parts related to: rights and obligations of students, enrolment policy, rules of studying, student standard, student organisations and other.

**Measure 5:** Regular quality control of higher education, both at institutional and at programme level

This measure will be implemented through the following activities:

- Improving higher education quality control, by strict application of legislature;
- Conducting periodical controls of higher education institutions' activities, in accordance with law;
- Improving criteria for awarding academic or scientific titles in accordance with the best practice of the EU countries;
- Linking the awarding of academic titles to international results;
- Regulating through legislature the procedure of establishing the Community of Montenegrin Universities and its operation;
- Forming clear criteria for accreditation and licensing of distance education;

**Measure 6:** Improvement of work and independence of the Council of Higher Education, responsible for providing and promoting higher education quality

Special attention should be paid to transparency of work of the Council of Higher Education, by means of publishing reports on accreditation and re-accreditation of institutions, and study programmes. The Council must operate independently from the government and higher education institutions, but include outside experts in the procedure of external assessment. Involvement of the Council in international associations and institutions is also important.



## **Objective 2: Linking higher education and labour market and increasing entrepreneurial and innovation character of education.**

**Measure 1:** Aligning conditions and profile of studies with the needs of labour market and development trends of Montenegro

This measure will be implemented through the following activities:

- A representative association of employers, Chamber of Economy, Employment Office of Montenegro and the Community of Universities in cooperation with the Council for Qualifications will prepare at regular time intervals (e.g. every three years) the analysis of labour market requirements for highly educated personnel in the next 5 years.
- Each year, employers should specify their personnel requirements for the next 5 years, independently from the institutions referred to in the previous paragraph.

**Measure 2:** Encouraging entrepreneurial and innovation character of the studies

This measure will be implemented through the following activities:

- Introducing *Entrepreneurship* course in certain study programmes, in which students will be trained to present their own ideas in the form of a business plan;
- Including people running successful business practises in different forms of entrepreneurial education;
- Conducting theoretical analysis of already implemented ideas;
- Linking student incubator centres to the existing local community incubators, as well as their joint establishment and strengthening;
- Linking entrepreneurial incubators to companies and their development at research centres;
- Foreign companies financing of incubators and innovation centres;
- Linking to entrepreneurial incubators of foreign universities;
- Using foreign financial sources for encouraging entrepreneurship among students;
- Joining international entrepreneurial networks and associations;

- Establishing university incubators – as assistance to students to implement their idea more easily. This activity is supported by the government, particularly by the local community.

**Objective 3: Share of population with high education degrees aged 30-34 should be at least 40% in 2020**

**Measure 1:** Reducing the percentage of drop-outs to 10% in 2020 (at the moment it is over 60%)

This measure will be implemented through the following activities:

- Affirmation of professional orientation programmes for high school graduates;
- Enabling high school graduates to apply to several study programmes (maximum 3), by ranking study programmes in accordance with their preferences;
- Rating external graduation;
- Individual approach to a student (mentoring);
- Organising supplementary lectures and
- Monitoring social status of a student.

**Measure 2:** Increasing the number of graduate students at studies of natural sciences and technology by 10% annually

This measure will be implemented through the following activities:

- Popularising natural sciences and technology;
- Working with children in elementary and high school through illustration and practical work;
- Awarding scholarships and providing attractive work positions for graduate students.

**Objective 4: Establishing a model of lifelong learning based on a good international practice**

**Measure 1:** Creating lifelong learning strategy

**Measure 2:** Universities, with the assistance of the government (Ministry of Education and Sport, Council of Higher Education, Employment Office and Council for Qualification) will establish centres for lifelong learning in higher education;

Banks providing loans on the basis of public funds and deposits (more than 25%) are recommended to provide loans intended for lifelong learning, under preferential conditions.

### **Objective 5: Research oriented higher education**

**Measure 1:** Intensifying research components in the learning process – “Learning through Research”, at all higher education institutions.

This measure will be implemented through the following activities:

- Improving infrastructure for conducting research activities;
- Innovating study programmes to make them sufficiently practically and research oriented;
- Directing teaching staff towards research and
- Intensifying relations with research centres outside universities, as well as research centres in certain companies.

**Measure 2:** Internationalisation of research

This measure will be implemented through the following activities:

- Intensifying the usage of EU structural funds for development of doctor studies;
- Intensifying inclusion in European and regional science and research programmes;
- Intensifying the usage of foreign programmes for scientific specialisation;

**Measure 3:** Identifying Montenegrin Scientific Diaspora and encouraging their engagement in native country

This measure will be implemented through the following activities:

- Updating the current data base on the Scientific Diaspora. The updated data base will include information on the number of Montenegrin citizens holding Master or Doctoral degree or working as university professors, that

- are building their careers at foreign higher education institutions, research centres or companies;
- Including Scientific Diaspora in teaching and scientific research programmes in Montenegro;
  - Creating study conditions for the young emigrant population at Montenegrin higher education institutions;
  - Encouraging formation of foundations and legacies of scholarships for Montenegrin students, by our emigrants;
  - Defining the methods and models of effective transfer of knowledge and experiences concerning opening of small and medium enterprises from the field of latest technologies, by animating our experts and entrepreneurs engaged abroad.

**Measure 4: Including the young in the research process**

This measure will be implemented through the following activities:

- Increasing interest of the young, particularly talented undergraduate students, in research; this activity should be financed from special donor funds;
- Supporting financially activities of student organisation dealing with research and international exchange in this field (tax release);
- Establishing programmes for media promotion of research among the young, and assisting in publishing popular literature from this field (tax release).

**Objective 6: Internationalisation of higher education**

**Measure 1: Improvement of infrastructural capacities**

This measure will be implemented through the following activities:

- Developing new and renovating existing student dorms with all supporting facilities (sports fields, area for cultural and art activities);
- Fitting out laboratories with modern equipment;
- Fitting out audio-visual halls;
- Increasing number of computer units at higher education institutions.

**Measure 2: Organising lectures or a part of them in English language**

This measure will be implemented through the following activities:

- Financing magazine and book publishing in English;
- Organising English language courses for both teaching staff and students;
- Enhancing library holdings;
- At least 2/3 of student books used should be from the renowned world universities.

**Measure 3: Providing student benefits**

This measure will be implemented through the following activity:

Providing discounts for the use of commuter and intercity transportation, movies, theatres, sport activities and other services.

### **Financing higher education in Montenegro**

The matter of higher education financing is one of the most considered issues of higher education policy. During the last several decades, the requests for diversification of financing sources of public higher education have often been discussed. The discussions usually relate to the financing mechanisms which would be based on the output parameters. Limited public funds, on one hand, and expansion of higher education on the other, resulted in reduction of funds appropriated from the higher education budget. Diversification of financing sources and reduction of public involvement in financing higher education has often initiated a discussion on which parameters define certain higher education institution “public” – financing, management structure, proclaimed mission or other factor.

Increase of private sources of financing higher education, changes models and sources of higher education financing. Resources obtained from the budget and from tuition fees represent basic sources of financing, on the level of government or local community.

In addition to the budget and tuition fees, there are alternative or external sources of financing and private resources which are not paid by individuals in form of tuition or administrative fees. This type of income is not as often, and does not represent a significant part of budget for higher education institutions throughout the region. Faculties and departments engage in research projects or organise special trainings and advising in the field of economics and business, provide consultation

services, thus obtaining compensation from different education programmes aimed at untraditional student population, rent premises and equipment etc, with a view to acquiring additional resources.

Comparative economic studies mostly deal with the GDP percentage appropriated for education. According to international recommendations, about 6% of GDP should be appropriated for education. Countries of the region approximately spend 4% of GDP for education (with exception of Slovenia providing 6%), (OECD, 2007). Primary and secondary education is usually financed from the budget.

Countries of the region spend fewer resources to higher education, from 1.26% of GDP in Slovenia to 0.72% in Croatia, whereas in Montenegro 1.10% of GDP is delegated for higher education.

Independently from the model being implemented, the fact that none of the higher education institutions get enough resources remains. The sum allocated to the budget cannot cover the needs of institutions, if they are expected to provide adequate education and research.

Transferring part of costs of studying to students can be seen as a trend in all higher education systems of the region, which is primarily caused by the limited public budget, as well as the inability to resolve the increasing enrolment to higher education institutions.

Tuition fees became a significant source of income throughout the region. In Montenegro, 60% of students enrolled at the University of Montenegro pay tuition fees; budget-financed positions are determined by decision of the Managing Board upon the approval of the Government of Montenegro, whereas in private higher education institutions students bear costs of studying on their own.

In Croatia and Serbia, budget-financed positions are delegated on the basis of grades and entrance examination results. In Serbia the number of students paying for their education at public institutions varies from 20% to 80% of total number of students. Slovenia, in which the Law on Higher Education prohibits charging tuition fees to the students of the first and second cycle of studying, is an exception.

In public higher education institutions, tuition fees do not cover all costs of studying and include basic activities only (studies and exams). In some cases paying tuition fees at private universities provides books for students, but the fees are higher than at public institutions. In Montenegro, tuition at private institutions varies from €1,350 to €2,500, whereas at most faculties of the University of Montenegro, the tuition fee amounts to €500, and at a smaller number of faculties it is €1,000

(architecture, faculties of art and programmes which are organised exclusively as self-financing).

On the occasion of considering and developing the financial policy of higher education, it is crucial to take into account the student perspective. Countries of the region have never had a system of loans and scholarships which could cover the entire student population, as is usually the case in Western Europe. In Montenegro 11.66% students use student loans. Slovenia has the widest system of scholarships in which each fifth student or 20% of student population receives direct support from the government in the form of loan or scholarship. In Croatia, about 3% of students received direct assistance from the government in 2005. Each country has criteria according to which scholarships or loans are provided. The criteria for providing scholarships or loans are based on social and economic position or the success accomplished during previous schooling. In addition, general practice has it that this right is exercised only by budget-financed students.

In Montenegro until this year, only budget-financed students were entitled to apply for scholarships and loans. As of this year rights from student standard can be exercised by all students meeting the defined conditions. Scholarships are assigned to the “talented students” defined as students with excellent grades and special preferences for scientific or artistic work, and those who had won rewards at national and international competitions.

### **Financing study programmes of public interest**

A higher education institution implementing the public interest programme should be financed by the lump sum in form of monthly grant (lump-sum budget). The advantage of this method of financing is that the institution is encouraged to use the allocated resources in an effective manner, and the generated savings do not affect the budget reduction.

Total budget for higher education institutions comprises current budget and capital budget. The current budget includes resources generated from the budget and resources generated on the basis of tuition fees. As a rule, higher education institution plans at least 10% of financial resources from the total budget for the capital budget.

Ministry in charge of the financial system supervises financial dealings of institutions, in accordance with special regulation.

So as to accomplish the quality of work and meet programme obligations, it is necessary to set indicators on the basis of which the efficiency of institutions will be measured. In that manner higher education institutions will be either penalized or rewarded, depending on the indicators of quality and efficiency, in accordance with norms and standards of higher education financing.

The Government will determine the minimum per student cost for the ongoing year for students of liberal arts and social sciences of I, II and III cycle, which are not budget-financed, considering primarily the opinion of the Council of Higher Education. This does not exclude the freedom of institutions to conduct the policy of rewarding their best students by exemption of tuition fees, nor the right to introduce variable tuition fees in accordance with success accomplished during the studies.

Current financing model used by the University of Montenegro is based only on costs information, related to permanently employed teachers, administrative workers and material costs. Formula for financing Universities is determined in accordance with the Law on Higher Education.

Per student price of studying for one year of studies should be determined in accordance with the type of study programme. Parity relation of per student cost of 1:2:4 should be introduced as a principle for the following three fields of studies:

1. Liberal arts and social sciences;
2. Natural sciences and technology;
3. Art or art requiring individual lectures.

Parity relation of price of medical studies per student should be separately determined, and proceeding from the situation at the public university, we suggest the parity of 1.5. In implementation of this idea one should consider the real per student cost at studies of liberal arts and social sciences at the public university.

The price should be considered as a standard of teaching provided to a student and prescribed by the law, which relates to conditions of studying, personnel, international network and student mobility.

Higher education financing implies a dialogue between the Government and a higher education institution, which is followed by signing agreement on financing in line with regulations.

If the resources are appropriated on the basis of financing formula and agreement, the transparency of appropriating resources will be accomplished.



Approved budget resources are justified if the objectives defined by a concluded contract have been met.

As the institution is expected to fulfil its obligations under the agreement, on the basis of measurable indicators, which can be accomplished only if the teaching process is adequately financed, it is necessary to establish balance and provide the stability of financing. The stability can be accomplished if the agreement on financing is signed for the undergraduate and specialist studies. The formula for financing study programs of public interest at institutions should provide that the amount of resources from the budget for financing these programmes, as a rule, does not depend on income generated by institutions, i.e. it neither increases nor reduces depending on income of institutions.

In accordance with the principle of universities' financial autonomy the entire amount for all study programmes of public interests should be transferred in aggregate to institution that organises them, enabling in that manner independent correction of differences which inevitably exist between different study programmes within the same fields of sciences.

In addition to financing the teaching process at public interest study programmes, the country should provide additional new sources of financing higher education which should be available to all researches and all students in Montenegro, on a competitive basis. This primarily refers to funds that can be established in Montenegro, as well as creating prerequisites that will provide all our students and researchers with access to international funds.

With a view to stimulating best research professors, the relation between teaching and scientific or artistic work carried out during full working hours at higher education institutions, should be clearly defined.

Operational principles:

- As of 2012 and until 2015, total amount of resources appropriated for higher education should be approximately 50% from the Budget, and 50% from private resources. After 2015 the tendency of growth of total amount of resources appropriated for high education (budget + private sources) should be kept by 2.5% of GDP, which should be accomplished by 2020, provided that the part appropriated from the budget is gradually reduced.
- Investments in premises, equipment, new buildings and similar represent an obligation of a higher education institution owner.

**Measure 1:** Adopting Regulation on norms and standards of financing higher education

**Measure 2:** Adopting methodology on determining objective per student cost at certain study programmes

Based on the Regulation on norms and standards for financing higher education, which will be adopted by the Government, and upon proposal of the Ministry of Education and Sport, a methodology on determining an objective per student cost on certain study programmes will be defined. The methodology will prescribe a formula for determining per student cost.

On the occasion of determining programme of public interest, one should consider priority branches of Montenegrin development and the need for personnel in those fields, as well as in other fields determined as strategic by the acts of the Government.

**Measure 3:** Introducing public private partnership in education

Adopting the law on public private partnership and other regulations will create conditions for organising, or establishing higher education institutions, student standard institutions, student sport clubs and providing other services according to the model of public private partnership.

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Documents used in preparation of Strategic Plan:

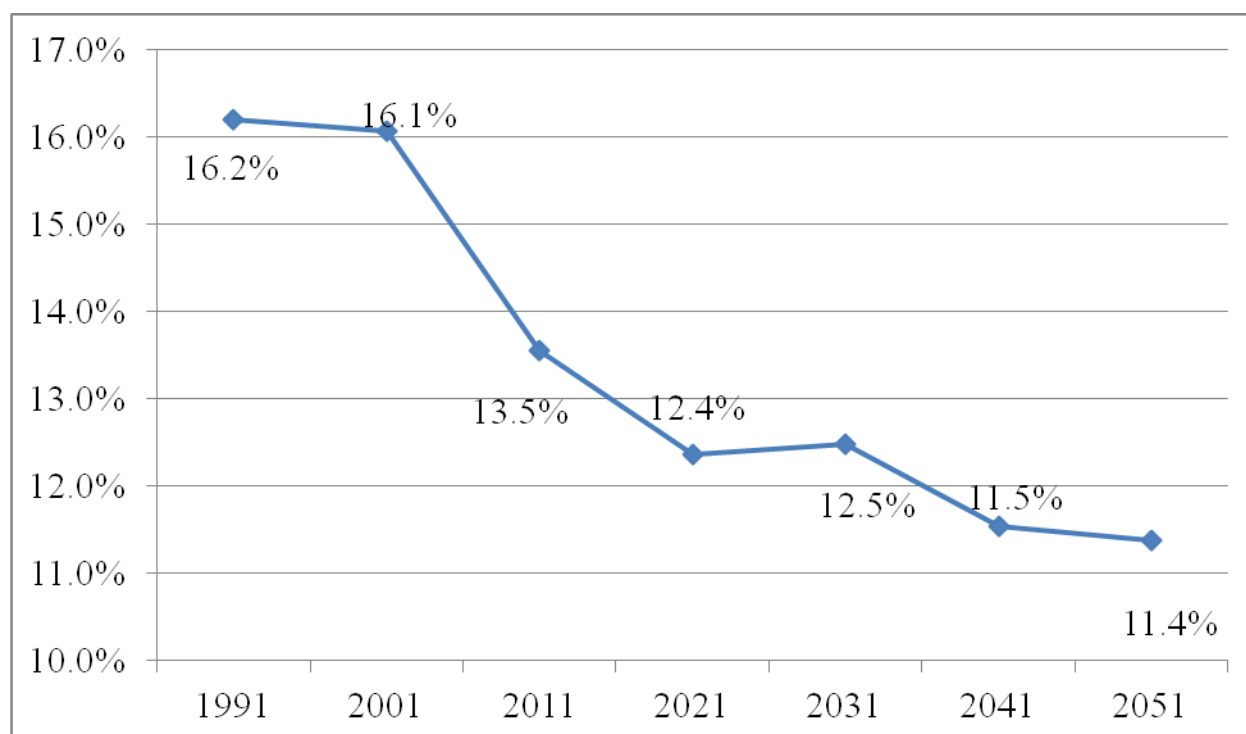
<sup>1</sup> Study of Montenegrin Academy of Sciences and Arts “Montenegro in the XXI century – in the era of competitiveness”, sub-project “Economic development” and sub-project “Education”, Montenegrin Academy of Science and Arts, Podgorica, 2010. See this study on their detailed elaboration. Available at [www.canu.org.me](http://www.canu.org.me)

<sup>2</sup> “Financing higher education in South-Eastern Europe: Albania, Montenegro, Croatia, Slovenia, Serbia”, Centre for Educational Policies; Belgrade 2009

## APPENDIX:

### NUMBER AND PERCENTAGE OF INVOLVEMENT OF POPULATION AGED 15-24 IN THE TOTAL POPULATION OF MONTENEGRO

Year	1991	2001	2011	2021	2031	2041	2051
15-25	95,774	99,012	86,16	79,596	79,58	71,682	67,825
Total	591,369	616,296	635,872	643,844	637,761	621,676	596,693
% involvement	16.2%	16.1%	13.5%	12.4%	12.5%	11.5%	11.4%



GPD OF MONTENEGRO  
PERCENTAGE STRUCTURE ACCORDING TO INDUSTRIES (2009)

Agriculture, hunting, forestry and fishing	8,00%
Mining and quarrying	0,50%
Manufacturing	4,20%
Production and supply of electricity, gas and water	4,80%
Construction	5,30%
Commerce	10,80%
Hotels and restaurants	4,40%
Traffic, storing and communication	11,10%
Financial mediation	4,20%
Real estate activities	9,30%
Public administration	9,40%
Education	4,00%
Health and social services	3,70%
Other communal, social and personal service activities	2,20%

## KEY ELEMENTS OF EUROPE 2020 STRATEGY

Europe is facing a transformation process. The crisis erased the years of economic and social progress and revealed all structural weaknesses of economies of the European Union member states. Meanwhile, the velocity of world changes and growing long-term challenges – globalisation, permanent pressure caused by threat of resource insufficiency, increase of life expectancy and population aging showed the necessity of active approach – the European Union must take future in its own hands.

The starting point in this process was the position that Europe can succeed only if it acts singularly, as a team, as a union. It has been concluded that Europe needs a strategy to come out from the crisis much stronger and to transform in a “smart”, sustainable and inclusive economy, highly productive, with high employment rate and developed social cohesion. Europe 2020 strategy was created for that purpose, defining the vision of the European social and market economy for the 21<sup>st</sup> century.

The three interconnected priorities of Europe 2020 strategy are:

- Smart growth – growth of economy based on knowledge and innovation;
- Sustainable growth – promotion of resource efficient economy and that will be highly competitive;
- Inclusive growth – improvement of economy with high employment rate providing social and territorial cohesion.

The European Union must define its desired position until 2020, and accordingly, the European Commission has set the following objectives of the Europe 2020 strategy:

- Employment of population aged 20-64, at the level of 75%;
- Investing in EU research and development amounting to 3% of GDP;
- Reducing carbon dioxide emission by 20% until 2020 and increasing the renewable energy share by 20% (including increased reduction of harmful gas emission by 30%);
- Reducing the population share dropping out of school system early (after elementary education) by 10% and having at least 40% of younger generation with completed university education;
- Increasing the percentage of population holding university degree;

- Reducing the number of population below the poverty line by at least 20 million compared to the number of the poor today.

These objectives are interconnected and are critical for the overall progress of the European Union. Making sure that each country will align the strategy to its circumstances and situation, the Commission suggested introducing the objectives of Europe 2020 strategy as national goals and trajectories, thereby avoiding misinterpretations of the Lisbon Agreement, which is already considered as insufficiently flexible in terms of its adjusting to the local or national needs.

The objectives should reflect the three priorities – “smart”, sustainable and inclusive growth, but they should not be rigid and exclusive as there is a wide framework of actions at national, EU and wider international level that should be taken in order to provide support to their fulfilment.

The Commission has set the seven key initiatives that should act as a catalyst of progress within each of the priorities:

- “Innovation Union” – aimed at improving condition and approach to financing research and innovation; to provide easier implementation of innovative ideas and their implementation and objectification in form of new products and services that will create new work positions and generate growth;
- “Youth on the move” – aimed at promoting performances of educational systems and facilitating access of the young to labour market;
- “Digital agenda for Europe” – aimed at accelerating the availability of fast internet connection and enjoying the benefits of a uniform digital market for households and companies;
- “Resource efficient Europe” – aimed at contributing to accelerating the economic growth by efficient use of deficient resources, supporting the transformation towards reducing emission of carbon-dioxide, increasing involvement of renewable energy sources, modernising transportation sector and promoting energy efficiency;
- “An industrial policy of the globalisation era” – aimed at improving the business environment, particularly for opening and developing small and medium enterprises and providing support to development of strong and sustainable industrial basis which will be globally competitive;

- “An agenda for new skills and jobs” – aimed at modernising labour market and strengthening human capital through development of skills of employees during the entire work and life span and increasing inclusion of employees into these programmes, to better harmonise supply and demand of work force, as well as the mobility of employees;
- “European platform against poverty” – which has to ensure social and territorial cohesion so that the benefits of growth and new job positions are felt at a wider level and to enable the socially excluded populations to live with dignity and have an active role in society.

These seven initiatives should be the guidelines for conducting activities to which the European Union and all member states will be committed. Instruments on the level of the European Union – uniform market, financial leverage and foreign policy instruments will be entirely engaged to eliminate the bottlenecks and accomplish the objectives of Europe 2020 strategy. As the most urgent priority, the European Commission defines what needs to be done to find a credible strategy for overcoming the crisis, promoting the reform of financial system, consolidating the budget which will provide a long-term growth and strengthening of coordination inside economic and monetary union.

In order to accomplish the desired goals, it is necessary to strengthen the management of economic activities. Europe 2020 will focus on the two pillars: thematic approach, which is explained in this document, combining priorities and main goals; information sharing on the level of member states which should assist each member state to develop their own strategy of returning on the path of sustainable development and sustainable public finance. Integrated guidelines will be adopted on the level of the European Union and will include the EU priorities and objectives. Specific recommendations for each member state will also be defined, and in case of their inadequate responses, each country will receive warnings on the level of the Union. Systems of reporting within Europe 2020 strategy and Stability and Growth Pact will function simultaneously, whereas the instruments of implementation of these strategies will remain separated which will not jeopardise integrity of the Pact.

The European Council has all authorities and will be the focal point of the new strategy. The European Commission will monitor the progress of accomplishing objectives, facilitate exchange of information on policies and instruments applied and provide necessary recommendations for accelerating activities and directing the key

initiatives towards accomplishing the set objectives. The European Parliament will be the driver of citizens' mobilisation and their inclusion in these activities, and it will also have legal jurisdiction with regard to key initiatives. Such partnership approach should be expanded to all EU committees, national parliaments and all national, local and regional authorities, as well as all social partners, all stakeholders and civil society within each of the member states, so that all actors of the local scene can actively participate in accomplishment of the desired vision.

The European Commission suggested the European Council to approve and sign the comprehensive approach of the strategy, main goals, in March, and to define in detail parameters and indicators that will be followed by the strategy, including also integrated guidelines and national goals, in June. The Commission, also, welcomes in advance all comments, regards and support of the European Parliament with regard to promotion and success of Europe 2020 strategy.