

Competitiveness in South East Europe 2021

A Policy Outlook

Montenegro



Montenegro has improved its performance in 14 out of 15 policy areas scored in this assessment. Although this clearly indicates progress in the setting up of policies to enhance its competitiveness if they are to have a lasting impact then their effective and continuous implementation, monitoring and upgrading should remain a key priority.

Key facts (2020)



GDP growth:

-15.2%



Unemployment:

18.4%

of total active population



Exports of goods and services:

25.8%

of GDP



Net FDI:

11.2%

of GDP

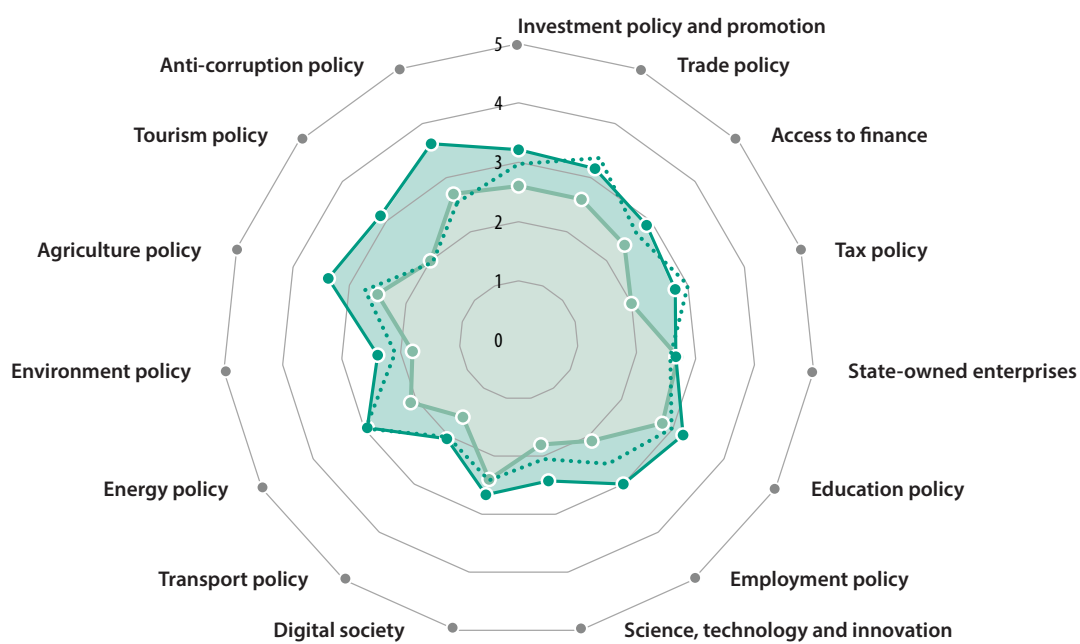


Personal remittances received:

12.6%

of GDP

Montenegro's Competitiveness Outlook performance (2018 and 2021)



—●— 2018 —●— 2021 WB6 2021 average

Main achievements



Montenegro is the leading WB6 economy for attracting foreign direct investment (FDI). Net FDI inflows have averaged USD 487 million a year since 2015.



In December 2019, Montenegro joined the Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and in October 2019, it signed the Convention on Mutual Administrative Assistance in Tax Matters.



Net enrolment in upper secondary education has gradually increased and, at 89% in 2019, is on track to meet OECD and EU averages in the coming years. Montenegro also has one of the lowest early school-leaving rates in the region (5% in 2019), half the EU average rate.



To further enhance its destination accessibility, Montenegro has expanded the number of eligible traveller categories by removing visa requirements and has adopted special regimes for tourists' border crossings during the high season.

Main priorities



With 734 researchers per million inhabitants in 2018, the number of researchers has been much lower than the EU average (4 000 researchers per million inhabitants). More comprehensive measures should be put in place to build human resource capacity in priority research and innovation areas and increase the attractiveness of research as a profession.



The pressure on land and soil resources is growing, especially in the context of a pronounced decrease in agricultural land, from 38% in 2012 to 18.5% in 2016. A land-use management framework for cleaning up contaminated land would lower the pressure on land and soil resources.



Despite the proliferation of government supported ICT training programmes, the number of businesses applying for digital transformation programmes has remained relatively low. Their lack of relevance to the industry can widen the gap between the skills available and those sought by companies. Developing a common digital competence framework for ICT professionals would help to meet the needs of the labour market.



Businesses' access to finance heavily relies on bank lending (92% of total assets in financial sector). The use of alternative equity instruments, such as initial public offerings, business angels and venture capital, is limited. Introducing alternative equity-based financing sources would provide funding to firms from outside of the traditional lending schemes.

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The third edition of *Competitiveness in South East Europe: A Policy Outlook* comprehensively assesses policy reforms in the WB6 economies across 16 policy dimensions crucial to their competitiveness. It leverages a highly participatory assessment process, which brought together the views of OECD experts, WB6 policy makers and local non-governmental stakeholders to create a balanced and realistic depiction of their performance. The report seeks to provide WB6 policy makers with a multi-dimensional benchmarking tool, enabling them to compare performance against regional peers as well as OECD good practices, and to design future policies based on rich evidence and actionable policy recommendations. Economy-specific profiles complement the regional assessment and provide each WB6 economy with an in-depth analysis of their competitive potential as well as policy recommendations tailored to their specific challenges to inform their structural economic reforms and sustainable development agenda.

