

## ***II. DEVELOPMENT OF GREEN ECONOMY IN THE WESTERN BALKANS***

### ***STRATEGIC FRAMEWORK FOR GREEN GROWTH IN THE SELECTED WESTERN BALKAN COUNTRIES***

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#### ***INTRODUCTION***

Green economy, which is based upon the idea of facilitating economic development that is in line with the enhancement of environmental quality, efficient use of resources and higher standards of living, is the guiding principle of sustainable development. In the context of increasing environmental concerns and the global economic crisis, importance of the concept of green economy is only growing, and in many countries it has been accepted as one of the developmental priorities.

These principles are also incorporated into the main strategic goals of the Western Balkan (WB) countries. In that regard, importance of the development of the concept of green economy is reflected not only in the necessity of adapting to global changes, but also in the fact that the region of the Western Balkans is "*vulnerable to the negative impacts of the environment and climate changes with local and regional impact on environment and socio-economic development*", and that the states need to "*promote environmentally friendly mechanisms and proactive solutions to meet the challenges and overcome problems on the road to achievement of the standards and promotion of the norms applied in the European Union*" (Belgrade Declaration, 2013).

The issues of sustainable development in all of the Western Balkan countries have been analyzed by several authors (e.g. Pickard (2008), Munitlak Ivanović et al. (2009)), while some papers focus more specifically on particular WB countries (e.g. Đukić (2012), Sumpor & Kuzmić (2011)). Obviously, there are not many papers that deal with the

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comprehensive analysis which involves more countries. Also, insufficient attention is paid to the analysis of the strategic framework for sustainable development and green economy in the WB countries. In that regard, one should mention the evaluation of the local sustainable strategic planning in the Drina river basin (which encompasses municipalities from Serbia, Montenegro and Bosnia and Herzegovina) given by Milutinović & Jolović (2010), while Karakosta et al. (2012) concentrate on the analysis of the strategic framework for renewable energy sources in Serbia and Bosnia and Herzegovina. Country specific analyses are given by Pucar & Nenković-Riznić (2007), which focus on the design of the framework for energy efficiency in Serbia, while Nadić (2011) and Matešić (2009) deal with the analysis of strategic documents related to sustainable development in Serbia (the former) and Croatia (the latter).

Even fewer papers are dedicated to the issues of green growth and green economy. However, there are papers that include some aspects related to green growth as part of sustainable development. For example, Krstić et al. (2012) focus on an analysis of the environmental dimension of sustainable development of the South-Eastern European countries applying the methodology of Environmental Performance Index (EPI), that allowed to define the key areas of environmental policy in which is necessary to remedy the situation, following the example of best practice in other countries that have achieved significant results. The analysis of green business sector in Bosnia and Herzegovina, with emphasis on the importance of supporting green entrepreneurship in transition economies, is presented by Silajdžić et al. (2014), while Jovanović Gavrilović & Minić (2012) discuss the importance of green growth for overcoming the crisis, with particular reference to the need for more intensive incorporation of the concept of green economy and green growth in the context of sustainable development.

Given that there are not many papers that analyze the strategic framework for green growth in the Western Balkan countries in a comprehensive manner, the authors intend to assess the progress made in the official inclusion of the principles of green economy and sustainable development in the strategic framework and relevant policy documents of the four WB countries (Serbia, Croatia, Montenegro and Bosnia-Herzegovina).

## ***BOSNIA AND HERZEGOVINA***

The development and implementation of the single strategic framework for green growth in the Republic of Bosnia and Herzegovina (BH) is hindered by the country's complex organizational structure. BH is comprised of the two entities, the Federation of Bosnia and Herzegovina (FBH) and the Republic of Srpska (RS), and the District of Brčko (DB). Competencies for most of the green growth related issues are at subordinate levels, while coordination and international cooperation are responsibilities of the central government.

The situation in the FBH is even more complicated, because it is divided into ten cantons, and each has its own competencies and institutions.

Consequently, there is a lack of the central level strategic framework that deals with the green growth related issues<sup>15</sup>, and multiplicity of strategies at subordinate levels. However, although vertical and horizontal cooperation is missing(2012b),the regulatory framework in the entities is generally aligned, due to the fact that legislation is harmonized with *acquiscommunautaire*.

In the Republic of Srpskano strategy on green or sustainable growth has been enacted. However, several strategies that are in force are based upon these principles. The most comprehensive one is the *Nature protection strategy* (2011a), whose main goal is “*protection, promotion and stimulation of the sustainable deployment of natural resources*”. In order for this to be achieved, the strategy envisages a set of diverse measures and activities, which are all paving way towards a greener economy. They include, *inter alia*, setting up a climate change monitoring system, specifying clear rules for the deployment of mineral resources, development of financial mechanisms, promotion of the traditional environmental management techniques and skills, soil regeneration, control of the utilization of fertilizers etc. *Strategic plan for rural development* (2009) focuses on guiding the development of agriculture, forestry and tourism in rural areas along a sustainable pathway. Some of the proposed activities are financial and advisory support for setting up organic and production of autochthonous plants on farms, compulsory education of farmers related to the use of fertilizers, support for the development of SMEs (fiscal, employee and credit subsidies, trainings etc.), and in particular for youth and women entrepreneurship.

Sectoral strategies on agriculture, forestry, energy and tourism in the Republic of Srpskaalso tackle certain green growth related issues. Strategies on tourism and forestry are more specific in that regard. In the *Forestrydevelopment strategy* (2012b) sustainability is distinguished as one of the main guiding principles, and majority of the proposed measures aims to secure that the deployment of forests does not harm the environment. The *Tourismdevelopment strategy* (2011b) sets out the strategic goal of achieving a sustainable tourist product, and suggests measures such as the development of tourist plans based on the principle of sustainability, introduction of incentives for development of tourism in protected areas, support to the development of rural tourism and so on. As far as the *Energy* (2012a) and *Agriculture development* (2006) strategies are concerned, although sustainable development is declared as one of the guiding principles, specific measures that promote greener economy are not envisaged.<sup>16</sup>

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<sup>15</sup> Although the preparation of the Development strategy of BH has been underway for a while, it has not yet been adopted.

<sup>16</sup> Several other strategies that deal with the environmental issues are also in force in the Republic of Srpska, such as the Air protection strategy and the Chemical safety strategy. Source: Council of ministers of BH (2012).

The institutions of the Federation of Bosnia and Herzegovina, just like their counterparts in the Republic of Srpska, have not brought in a specific strategy on green or sustainable growth. However, several other strategies that tackle some of the relevant issues have been developed, but not all of them have been officially adopted. The most important and most comprehensive is the *Development strategy* (2010), adopted by the government of the entity in 2010. One of the priority goals of the strategy is to achieve sustainable growth and development, particularly in the sectors of agriculture, energy and transport<sup>17</sup>. Another comprehensive document is the *Federal environmental protection strategy* (2009). It encompasses four strategies - on nature protection, air protection, waste management and water management – and an action plan. Among the principles the strategy is based upon, two are of crucial importance for achieving green growth: the principle of sustainable development and the “polluter pays” principle. The strategy also entails a goal of achieving sustainable deployment of natural resources, and proposes a number of measures, such as the introduction of incentives, promotion of traditional know-how, introduction and monitoring of the climate change indicators, incentives for renewable energy sources, limiting pollution emissions etc. However, it seems that the implementation of the strategy has not been particularly effective, “owing to the lack of financial, institutional and human resources” (Council of ministers of BH, 2012). Among the sectoral strategies there are some, such as those on *Water* (2011) and *Agricultural land management* (2012), that acknowledge the importance of sustainability and envisage a set of relevant measures, while others, such as the *Development strategy the textile, apparel, hide and footwear industries* (2013), do not consider any of the issues that are important for achieving green growth.

Within the Federation of Bosnia and Herzegovina there are several strategies at the cantonal levels, but we did not consider them in the chapter, because they ought to contain the provisions that are aligned with the framework set at the federal level.

As regards the Brčko District, sustainability is defined as one of the guiding principles of its *Development strategy* (2009), and protection and improvement of the environment is set out as one of the strategic goals. In order to achieve it, a set of measures has been proposed, such as the introduction of the environmental monitoring system, landfill reconstruction, and greening the city of Brčko.

In conclusion, we can observe that the strategic framework for green growth at the central government level is missing. One of the underlying reasons is probably that responsibilities for these issues are concentrated at the sub-central levels of

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<sup>17</sup> Envisaged activities in the area of agriculture and rural development focus primarily on introducing sustainable farming techniques, supporting entrepreneurship in rural areas (especially female entrepreneurs), promoting rural tourism, and developing distinctive products with geographical origin. As far as energy and other natural resources are concerned, a broad set of measures has been proposed, including activities oriented towards the completion of the regulatory and strategic framework, development and introduction of economic instruments, and utilization of the renewable energy sources. Transport and communications related measures have been less exhaustive, as they primarily focus on introducing the monitoring system.

government. Even though certain activities have been undertaken in order to develop a comprehensive development strategy for Bosnia and Herzegovina, which would entail aspect relevant for green growth, it has not yet been adopted.

As opposed to the central government level, there is a proliferation of various strategies at the levels of entities and the Brčko District. Although none of them is entitled the green or sustainable growth strategy, many of them deal with the relevant issues. In some cases orientation towards the green growth is firm, manifested in the strategic goals and the set of the proposed measures. In many cases, however, the incorporation of the green economy approach is rather generalized and partial: for example, achieving sustainability is often mentioned in the vision and/or in some of the strategic goals, but without proposing any specific measures in that respect. Also, available reports suggest that implementation of the proposed strategies has not been satisfactory, often due to the lack of financial and, in some cases, human, resources<sup>18</sup>. Another interesting finding is that several strategic documents have been commissioned and prepared, but have not yet been adopted; this may point to the inefficiency of the decision making process, which consequently impedes the completion of the green growth strategic framework at the level of the entities.

## **CROATIA**

In assessing the strategy framework of Croatia, it can be concluded that the umbrella document focused on the country's sustainable development and green economy is the *Sustainable Development Strategy* (2009). It covers eight key areas, focusing primarily on the green economy within the *Environment and Natural Resources*, *Promoting Sustainable Production and Consumption*, *Ensuring Energy Independence and Increasing the Efficiency of Energy Use* and *Protection of the Adriatic Sea, Coastal Area and Islands*. The action plans for specific areas were developed with the aim to implement the defined goals (Action Plan for the Education for Sustainable Development, Action Plan on Sustainable Production and Consumption, Action Plan for Environmental Protection). The *Strategy*, including certain amendments and supplements, mostly reflects the EU Sustainable Development Strategy. This is due to the fact that Croatia, when it was candidate for the EU membership, took a serious approach when it comes to incorporation of the EU development principles into its own strategies and policies, which is the obligation of all EU Member Countries.

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<sup>18</sup> See e.g. Ministry of foreign trade and economic relations of BH (2012a), Ministry of foreign trade and economic relations of BH (2012b) and Council of ministers of BH (2012).

In 2009 the country adopted another strategy document associated with the concept of sustainable development and green economy- *Energy Strategy* (2009). The Strategy is based on a creation of the system for balanced development of relationship among the security of energy supply, competitiveness and environmental protection in order to enable a safe, high quality and affordable energy supply to the economy of Croatia and its citizens. In defining its major goals, the Strategy was built on a common EU energy policy. Specifically, the following were marked as major priorities: 20% reduction in emissions of the greenhouse gases, 20% share of renewable energy in gross total energy consumption in 2020, 10% share of renewable energy used in all forms of transport in relation to the immediate energy consumption in land transport, 9% reduction in total energy consumption by 2016, by applying energy efficiency measures. In addition to the common goals, the country has set a national goal that stipulates that the share of electricity generated from renewable energy sources, including large hydropower plants, in total electricity consumption for the period until 2020, should be maintained at the level of 35%. In addition, the Strategy envisaged some significant financial investments- up to 15 billion Euros in the period 2009-2020.<sup>19</sup>

In 2011 Croatian Government adopted the document "*Strategic Guidelines for Green Economy Development*", which should constitute the basis for introduction of effective inter-sector activities, as well as to boost production and investment, with particular emphasis on the principles of sustainable development and environmental protection, renewable energy and energy efficiency (Government of Croatia, 2011). In order to initiate the activities necessary for creation of the conditions for development of green economy, the Strategy has envisaged the elaboration of a set of action plans.

The next step on the path to the sustainable development is a presentation of the *Framework for Low-Emission Development Strategy for Croatia* by the Ministry of Environment and Nature, in collaboration with the United Nations Development Programme (UNDP), in May 2013 (Grgasović, V, 2013). According to this document, the strategy will be based on a long-term and multisectoral planning through the principles of sustainable development and implementation of the policies to mitigate climate change, and opening up "a chance to, by improving the existing infrastructure and technological solutions, innovations, transfer of advanced technology, significant structural changes in all sectors, encourage the investment cycle, the growth of industrial production, developing new businesses, economic competitiveness and creation of new jobs of sustainable perspective" (Grgasović, V, 2013, p.9).

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<sup>19</sup> The Croatian government is currently working on the process of adoption of the revised Energy Strategy of the Republic of Croatia until 2030, the draft was proposed in mid-May 2013. Two goals of the strategy which are extremely important for green economy are improving energy efficiency and increasing the use of renewable energy sources (the goal is 30% share of energy generated from renewable sources in the total energy use to be achieved until 2030). For this purpose, the Strategy proposes certain measures, such as the construction of new hydropower plants and encouraging investment in other renewable sources.

After the EU accession on 1 July 2013, Croatia has followed the practice of all other member states, and has developed and adopted the *National Reform Programme* (The Government of Republic of Croatia, 2014). Sustainable development and green economy are elaborated in the 4th chapter *Progress towards 2020 targets*, which provides an overview of the adopted laws, adopted programs and action plans, as well as measures planned for the upcoming period.

Some areas of the green economy and sustainable development are also covered in the *Waste Management, Environmental and Regional Development Strategies*.

Obviously, Croatia has undertaken a serious and systematic approach to creating the strategic framework for the implementation of the green economy and sustainable development policies. Such activities were intensified over the previous five years, led by the process of accession to the European Union.

*The Europe 2020 Competitiveness Report 2014* (World Economic Forum, 2014) also shows that Croatia has achieved some success when it comes to the implementation of the principles and objectives of a green economy. In terms of sustainable growth and environmental sustainability Croatia occupies the 15th position, and the country's performance is close to the EU average<sup>20</sup> (World Economic Forum, 2014). Croatia is also mentioned in the report on the implementation of the EU energy Efficiency Directive (Coalition of Energy Savings, 2014) as one of only three states<sup>21</sup> that have succeeded to provide credible plans which demonstrate how the governments will achieve their savings targets. In other words, Croatia presented "*assessable and good quality report, where most measures and claimed savings appear correct*" (World Economic Forum, 2014, p. 4).

## ***MONTENEGRO***

Montenegro is constitutionally defined as an ecological state. The declaration proclaiming that Montenegro is an ecological state was originally voted by the Assembly in 1991, and later confirmed in the Constitution of 1992. The first article of the current Constitution states: "*Montenegro is a civil, democratic, **ecological** and the state of social justice, based on the rule of law*" (Republic of Montenegro, 2007a). Accordingly, the green economy and sustainable development are declared to be one of the main national priorities.

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<sup>20</sup> As regards other pillars of competitiveness Croatia is at the bottom among the EU member states, usually placed between the 24 and 27th position. Source: World Economic Forum (2014).

<sup>21</sup> Denmark, Ireland, Croatia

Over the past ten years, Montenegro has taken a number of initiatives and adopted a series of legislative documents with the objective to form the policy framework for the implementation of the necessary reforms and promoting sustainable development.

Chronologically speaking, the first strategic document addressing the issues of importance for country's sustainable development was the document *Montenegro Ecological State Development Directions* (The Government of Montenegro, 2011a), adopted by the Government in March 2001. This document, while emphasizing the specificity of Montenegro's natural characteristics, integration of economic, environmental and social concepts, formulates potential directions for the establishment of country's ecologically sustainable development.

*National sustainable development strategy* (2007a), which covers the 2007-2012 period, is the most important strategic document in the initiative for green development. The document defines the main objectives of the development strategy: the acceleration of economic growth and development and reducing regional development disparities; poverty reduction and ensuring socially equal access to services and resources; ensuring effective control, pollution reduction and sustainable management of natural resources; improvement of the management system and public participation; and preservation of cultural diversity and identity.

To ensure effective implementation of these goals, the country has prepared an *Action Plan* (2007a). Initially, the Action Plan was designed to encompass the period of 2007-2012, and the progress in achieving the main objectives of the National Strategy was supposed to be monitored within the regular annual report by the Office for Sustainable Development<sup>22</sup>. However, in 2011 the Montenegrin Government adopted a revised and updated *Action Plan* (2011d) in which the measures were expanded and the timelines for their implementation were more precisely defined.

To support the implementation of the National Strategy, in late 2010 the Government introduced the *Communication Strategy of Sustainable Development of Montenegro for the period 2011-2013* (2011c) together with the *Action Plan for 2011*. The Strategy defines a set of objectives whose implementation should contribute to the promotion of sustainable development at all levels, as well as the establishment of effective mechanisms of communication among all involved participants. Emphasis is placed on the necessity of building partnerships between the public, civil society and the business sector in order to achieve synergy effects and to satisfy the need for decentralization of the communication process. In order to accomplish numerous goals and take all necessary measures, the strategy proposes a gradual approach to the development of communication activities. However, the implementation of this strategy has not been

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<sup>22</sup> Since June 2011 known as the Department of International Cooperation and Sustainable Development of the Ministry for Sustainable Development and Tourism



satisfactory<sup>23</sup>. Since the first phase of implementation of the *National Sustainable Development Strategy* has been completed, another review is scheduled for the period 2013-2014, after which an improved strategy for the period 2014-2020 will be proposed for government approval. *NSSD 2014-2020* should represent an umbrella document for the development of Montenegro, indicating a set of principles and goals that would provide the basis for defining innovative policies designed to speed up the economic growth, based on the principles of sustainable use of natural resources and environmental protection as well as to promote and improve the social integration and human capital development.

In order to fulfill the obligation to establish a vision of socio-economic development with the individual necessary investments and development methods needed for their implementation, the Government of Montenegro adopted the *Montenegro Development Directions 2013- 2016* (The Government of Montenegro, 2013). This document was created on the model of the *Europe 2020 Strategy*, and as the primary development interests identified "smart growth", "sustainable growth" and "inclusive growth". With regards to the sustainable development and the green economy concept, in the chapter "Sustainable growth" a set of related goals has been defined including proposed methods for their implementation.

In addition, there are other strategies that incorporate in their key goals the concept of sustainable development and green economy. For example, the *Regional Development Strategy* (2011b) as a part of the strategic goal - Regional development and environmental protection, defines three priority topics: sustainable management and use of natural resources; low carbon footprint; and infrastructure for environmental protection (municipal infrastructure). The realization of the set goals is anticipated primarily through the capacity building of local government units, improved coordination and strengthening of cooperation between the municipalities; connecting with the existing initiatives; - the use of available combined funding sources including national and local sources, EU funds and international funds for climate change / low carbon footprint etc.

*Energy Development Strategy* (2007b) (adopted together with the *Action Plan*) is also essentially connected with the concept of green economy and sustainable growth. Relying on the key energy policy guidelines, the *Strategy* defines the specific objectives and mechanisms for the transition towards a safe, competitive and environmentally acceptable supply of energy services to the consumers. In addition,

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<sup>23</sup> The first implementation report states that in 2011 ¾ of the total number of the adopted measures remained unimplemented; while in the case of measures which had begun to apply a significant number have not yet been fully realized. Successfully implemented measures are primarily related to the establishment of an institutional framework and its implementation is mainly due to the fact that they do not require additional funding. As for the measures that are not yet implemented, the main obstacle is the lack of funds allocated for financing

this can be considered as a starting point in reaching a European model of sustainable and strategic development of the energy sector, as well as for the adoption of the necessary legislative and institutional support that would lead to the successful realization of the country's energy policy at the time of integration of the country into the European and international framework<sup>24</sup>.

The following strategic documents can be mentioned in respect with green growth and sustainable development as well: the Spatial Plan the Transport Development Strategy, the National Strategy of Biodiversity, the Strategy on Food Production and Rural Development and others.

Based on the analysis of the strategic framework, it can be concluded that over the past few years Montenegro made significant progress in terms of the creation of the green growth policies. By adopting a set of strategies, relevant documents and implementing a series of measures, Montenegro strengthened its commitment (at least in respect to the establishment of the strategic framework) to develop as an ecological state, which respects the principles and objectives of sustainable development and green economy. However, there are many challenges and problems when it comes to their implementation. On one hand, the insufficient level of mutual coherence of strategic documents and the lack of financial information (budgets, funding sources, etc.) could be considered as main weakness, while, on the other, the main obstacles to the realization of the strategies are the absence of clear delineation of responsibilities and competencies within the public administration and the absence of a genuine willingness to implement the defined measures (Government of Montenegro, 2011a, p.8-15).

## **SERBIA**

The principal document within the strategic framework for green growth in the Republic of Serbia is the *National sustainable development strategy* (2008). It defines sustainable development in its broadest terms, as “*targets-oriented, long-term (continuous), comprehensive and synergetic process with impacts on all aspects of life (economic, social, environmental and institutional) at all levels*”. The Strategy is based upon three pillars: I Knowledge-based sustainability, II Socio-economic conditions and perspectives and III Environment and natural resources. A broad set of priority programs for each of the pillars is described, while specific activities that are to be

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<sup>24</sup> The Montenegrin Government is currently working on the process of adoption of the revised Strategy for energy development until 2030, the draft document was proposed in mid-May 2013. Two objectives of the strategy, such as improving energy efficiency and increasing the use of renewable energy sources are of the great importance in terms of green economy. For example, one of the goals is to achieve a 30% share of energy produced from renewable sources by 2030.

accomplished are envisaged by the *Action plan*(2010a)<sup>25</sup>. Founded upon this strategy, other, more specific, strategic documents have also been prepared and adopted.

Among them, there are several strategies that are aimed at directing activities of the government<sup>26</sup> and businesses<sup>27</sup>, as well as attaining broad public participation<sup>28</sup>, in achieving the green growth objectives<sup>29</sup>.

A group of strategic documents that are in place deals with the environmental and natural resources issues relevant for achieving green growth. The most comprehensive is the *National strategy for sustainable use of natural resources* (2012), which complements the *National sustainable development strategy*. It defines a set of measures aimed at accomplishing the three main goals: establishing sustainable use of natural resources, mitigation of adverse environmental impacts and achieving a more efficient use of natural resources. The *Biodiversity strategy* (2011b) and the accompanying action plan envisage the introduction of measures aimed at controlling the use of chemicals (such as pesticides and fertilizers), mitigating the effects of the climate change and attaining environmental policy integration, but fail to suggest specific activities. The main goal of the *Waste management strategy* (2010d) is to reduce pollution and degradation of the environment. In that regard, activities envisaged by the strategy are highly relevant for achieving green growth, and particularly important are those that promote recycling and reuse of waste.

Among the sectoral strategies that are still operational, the most relevant for accomplishing green growth are those related to the sectors of energy and industry. Within the priorities of the *Energy development strategy* (2005), two are directly connected with the green economy: increase in the use of renewable energy sources and energy efficiency. This is to be achieved through the reduction in heat losses, use of energy saving appliances, and support to the deployment of various types of renewable energy sources in the production of electricity and heat, and more specific measures are given in the action plan. As regards the *Industrial development strategy*

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<sup>25</sup> Activities specified within the first pillar encompass a broad set of measures oriented towards achieving economics growth (in terms of GDP growth), fiscal sustainability, proper education, development of IT technologies etc. Within the second pillars, proposed measures are related to improving the living standard of population and addressing social issues (social security, poverty, social inclusion and alike), but also to improving public health, regional and local development and ensuring public participation in the decision making processes. As far as the third pillar is concerned, measures tackle all of the aspects necessary for improving the state of the environment and efficiency in the use of resources, including the sectoral policies.

<sup>26</sup> National environmental approximation strategy (2011f).

<sup>27</sup> Corporate social responsibility strategy (2010b) and Strategy for the introduction of cleaner production(2009).

<sup>28</sup> Strategy for implementing the Aarhus convention (2011g).

<sup>29</sup> In this respect one should also mention the National CDM strategy for the waste management, agriculture and forestry sectors (2010c), which provides guidelines for the businesses in these sectors on the possibilities and modes of participation in the clean development management projects.

and policy (2011d), it also directly draws on the green growth, since its primary objective is the “*creation of the new competitive sustainable industrial policy*”. Specific activities are listed in the *Action plan* (2011a), and the most relevant are those related to the energy efficiency and the environmental protection: education, introduction of the mandatory energy management system, introduction of incentives for green jobs and recycling, adoption of programs for the ecologically compatible and energy efficient industry, mitigating harmful environmental effects etc.

Remaining strategies that are in place in the Republic of Serbia are not particularly relevant from the viewpoint of the green economy, because, although they may declare to be based upon the principle of sustainable development, they do not specify any specific measure (e.g. *Free zones development strategy* (2011c)). On the other hand, the *National employment strategy* (2011e) does not envisage any activities related to achieving green growth; however, it tackles the issues related to the social inclusion of various marginalized groups.

We can conclude that, over the previous couple of years, the Serbian government has been very active in creating the strategic framework for green growth. Nearly a dozen of strategic documents have been in place as of mid-2014, and several more are being prepared<sup>30</sup>. The clear hierarchy has been established, with the National strategy on sustainable development being the roof strategy, upon which other strategic documents have been prepared. Although there are complementarities among these strategic documents, sometimes certain activities are overlapping. Another problem is that some of the activities proposed in the action plans have not been addressed in due course. These issues, to some extent, may result from the fact that the Serbian governments, and especially ministers in charge for the issues that are crucial for green growth, have changed several times over the previous couple of years, so that the order of priorities may have changed as well.

As regards the evaluation of the strategic framework, the available reports generally praise the commitment of the Serbian authorities in developing the strategic and regulatory framework for green growth. Although there are not many extensive evaluations of the implementations of the relevant strategies, the general conclusion is that the greatest challenges derive from insufficient funding, lack of administrative and/or technical capacity, as well as unsatisfactory public awareness and participation<sup>31</sup>.

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<sup>30</sup> E.g. draft versions of the Agricultural and rural development strategy and the Energy development strategy up to 2025 are available on the web-sites of the competent ministries.

<sup>31</sup> For example, check out UNEP (2013), UNDP/UNEP (2012) and European Commission (2013).

## **CONCLUSION**

All of the observed Western Balkan countries are committed to the principles of green economy. Over the previous years they have made substantial effort in establishing the institutional, legislative and strategic framework for green growth.

In this chapter we give a brief overview of the relevant strategic documents that have been in place as of 2014. From the viewpoint of green growth, they include several types of strategies. The most relevant are those that directly aim to lead economy along the pathway of green (or sustainable) development, and they are often entitled as *Sustainable development strategies*. We can also observe the existence of another type of comprehensive strategic documents that are relevant for green growth, and these are the development strategies. Although they are oriented towards achieving core economic growth, they often contain provisions for attaining a greener growth. Strategic documents on environment, nature, biodiversity etc. are also important in directing the economy towards sustainability. Then, there are sector-specific strategies, among which energy, agriculture and forestry strategies are of particular significance.

As far as the sustainable development strategies are concerned, they have been put in place in Croatia, Montenegro and Serbia. On the other hand, neither Bosnia and Herzegovina nor any of the constituting entities have yet adopted such a strategy. Based on the conducted analysis, we can conclude that these strategies are generally devised to serve as umbrella documents that broadly encompass all the issues relevant for achieving sustainable development, while other, more specific strategic documents are prepared in line with the guiding principles of the sustainable development strategy.

We can also observe that both the sustainable development and sector-specific strategies incorporate common principles. This is due to the fact that their cornerstones are the relevant UN and EU documents related to the green and sustainable growth. The EU accession is perhaps the single most influential force that promotes the green economy concept in the observed WB countries. All of the countries pledge for the EU membership<sup>32</sup>, and have been harmonizing their national legislation with the *acquis communautaire*. In that respect, their strategies usually call upon the main principles and goals set out in the EU strategic documents, and in particular in the EU's *Sustainable development Strategy* and the *Europe 2020 strategy* (Table 1). We can observe that the Serbian strategy sets out the same list of pillars the *Europe 2020 strategy* is founded on, while Croatian strategy seems to follow a pattern of the EU's *Strategy for sustainable development*.

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<sup>32</sup> Croatia achieved this goal in 2013, when it became the 28th EU Members State.

Table 1. Priorities and pillars of strategies on sustainable development in the EU, Croatia, Montenegro and Serbia

Country		Priorities/Pillars
EU	Strategy for sustainable development	(1) Limit climate change and increase the use of clean energy (2) Address threats to public health (3) Manage natural resources more responsibly (4) Improve the transport system and land-use management
	Europe 2020	(1) Smart growth(development of knowledge and innovation) (2) Sustainable growth (greener, more resource efficient and more competitive) (3) Inclusive growth (strengthening employment, social and territorial cohesion)
Croatia		(1) Increase in the number of inhabitants (2) Environment and natural resources (3) Sustainable production and consumption (4) Social and territorial cohesion and justice (5) Energy independence and efficiency (6) Improving public health (7) Integration of the transport network (8) Protection of the Adriatic sea, coastal area and islands
Montenegro		(1) Economic development (2) Environment and natural resources (3) Social development
Serbia		(1) Knowledge-based sustainability (2) Socio-economic conditions and perspectives (3) Environment and natural resources

Sources: European Commission (2001), European Commission (2010), Government of the Republic of Croatia (2009), Government of the Republic of Montenegro (2007) and Government of the Republic of Serbia (2008).

Unfortunately, shortcoming in the implementation of the green growth related strategic provisions are also common for all of the observed countries. According to the available reports that evaluate implementation of these strategies, the lack of financial funds and inadequate administrative capacity, and also the lack of awareness and insufficient public participation, are the main factors that have so far compromised their successful implementation.

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