

GREEN ECONOMY, GREEN JOBS AND ECONOMIC RESILIENCE: A MONTENEGRIN PERSPECTIVE

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Abstract

This article focused on some of the aspects of Green Economy, Green Jobs and Economic Resilience in Montenegro outlining the activities, initiatives, and support programs of various institutions contributing to the advancement of the green economy in the country. Key topics discussed economic diversification, circular economy initiatives, sustainable financing, incentive measures, and the role of different sectors in achieving climate and environmental goals.

Key Words: *Green Economy, Energy, Climate, Montenegro*

JEL classification: *Q52.*

Introduction

Adam Smith defined Economics as a Science of Wealth. Alfred Marshall declares Economics is the study of mankind in the ordinary activities of life, how someone gets wealth and utilizes it. It all revolves around how someone tries to get wealth to satisfy needs (Kharkongor, 2018). The centrality of green jobs and sustainable economy cannot be overstated in the context of Montenegro's holistic development. Acknowledging their pivotal role in economic, environmental, and social progress, the recent event highlighted their significance in achieving resource efficiency, environmental protection, and social inclusion (Madzar, 2022; Spalevic et al., 2023). This underscores the imperative of transitioning toward a green economy, influenced significantly by the European Green Deal, while

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emphasizing the need for a global perspective on resource utilization in the light of emerging vulnerabilities (Skataric et al., 2021; Spalevic, 2011). This article delves into the key sectors shaping Montenegro's green economy, encompassing agriculture, tourism, energy and related sectors. A critical aspect of this transformation lies in enhancing the educational system, aligning it with the objectives of increased quality, inclusiveness, and the development of competences. By strategically adopting an educational framework that integrates environmental protection and sustainable development goals (Skataric et al., 2021; Mihajlov et al., 2012), Montenegro can pave the way for fairness, efficiency, and competitiveness. The insights presented here are intended to guide policymakers, businesses, and stakeholders, providing valuable considerations to navigate Montenegro toward a sustainable and prosperous trajectory.

Materials and Methods

The research methodology encompasses a Literature Review, Expert Interviews, Document Analysis, and SWOT Analysis. We conducted a review focused on legal frameworks and environmental considerations. Interviews were carried out to gather insights into experiences, perspectives, and knowledge concerning legal frameworks and practices. We scrutinized key legal documents and relevant regulations. Employing SWOT analysis, we assessed the Strengths, Weaknesses, Opportunities, and Threats associated with the legal framework to identify internal and external factors influencing its effectiveness.

Results and Discussion

Circular Economy Roadmap

Montenegro's Circular Economy Roadmap, a collaboration between the Chamber of Economy and the UNDP, is a key guide for sustainable development. It promotes responsible resource use and reduced environmental impact through collaboration across sectors and communities (Alibegović et al., 2022). Instead, it stands as a collective initiative, encouraging active participation from diverse stakeholders. Through a careful blend of innovation and green economic principles, the roadmap seeks to transform Montenegro's economic landscape, steering businesses toward sustainability and adaptation to eco-friendly practices. This comprehensive guide is poised to play a pivotal role in fostering a

healthier economy and sustainable growth, reflecting Montenegro's commitment to a circular economy model. The basic SWOT Analysis on Circular Economy Roadmap in Montenegro is presented in the Table 1.

Table 1: *SWOT Analysis: Circular Economy Roadmap in Montenegro*

<p>STRENGTHS</p> <ul style="list-style-type: none"> - Collaborative Commitment: The Circular Economy Roadmap is a collaborative effort between the Chamber of Economy of Montenegro and UNDP, showcasing a united commitment to sustainable development. - Holistic Vision: The roadmap provides a comprehensive vision for Montenegro's transition to a circular economy, emphasizing responsible resource use and reduced environmental impact. - Innovation and Green Principles: The inclusion of innovation and adherence to green economic principles position the roadmap as an innovative guide for transforming economic landscape. - Active Stakeholder Participation: The roadmap encourages active involvement from various stakeholders, including institutions, non-governmental sectors, and the broader community, fostering a sense of responsibility. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> - Dependency on Collaboration: The success of the roadmap relies heavily on ongoing collaboration between multiple entities, potentially facing challenges if there are disruptions or lack of consensus among stakeholders. - Resource Intensity: Implementing a circular economy requires significant resources and may pose challenges in terms of funding, technological infrastructure, and widespread adoption.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> - Economic Transformation: The roadmap presents an opportunity for Montenegro to transform its economic landscape by steering businesses toward sustainability and eco-friendly practices, potentially attracting green investments. - Innovation and Adaptation: Emphasizing innovation, the roadmap can drive businesses to adapt and thrive in a circular economy, fostering competitiveness and resilience. 	<p>THREATS</p> <ul style="list-style-type: none"> - Resistance to Change: Businesses and industries accustomed to linear economic models may resist the transition to a circular economy, posing a threat to successful implementation. - External Economic Factors: Economic uncertainties, geopolitical challenges, external shocks impact the resources available for roadmap's implementation, hindering progress.

The Circular Economy Roadmap in Montenegro exhibits strengths in collaboration, vision, and stakeholder engagement. However, challenges related to resource intensity and potential resistance to change should be carefully addressed to leverage the opportunities presented by economic transformation and innovation. Additionally, external factors may pose threats that require proactive management and mitigation strategies.

Financial Incentives and Sustainable Financing in Montenegro

Montenegro's strategy for financial incentives and sustainable financing exhibits strengths in its comprehensive approach, circular economy focus, and alignment with European sustainability goals, although potential

weaknesses and threats, such as credit program dependency and post-pandemic uncertainties, must be carefully navigated to capitalize on opportunities for economic growth and the integration of green practices. The SWOT Analysis on Financial Incentives and Sustainable Financing is presented in the Table 2.

Table 2: *SWOT: Financial Incentives and Sustainable Financing*

<p>STRENGTHS</p> <ul style="list-style-type: none"> - Comprehensive Support Package: Financial incentives and sustainable financing are integral components of a comprehensive support package, demonstrating a multifaceted approach to economic recovery and growth. - Circular Economy Focus: The emphasis on circular economy principles in allocating credit funds aligns with global sustainability goals, promoting responsible resource use and environmental conservation. - Entrepreneurial Support: The financial support extends to entrepreneurs and small to medium-sized enterprises, providing a vital stimulus for their growth and participation in sustainable initiatives. - Alignment with EU Goals: Commitment to sustainable financing mirrors broader EU objectives, the EU Green Deal, showcasing dedication to eco-friendly economic practices. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> - Dependency on Credit Programs: The reliance on credit programs for sustainable financing may pose challenges if there are limitations in credit accessibility or if businesses are hesitant to take on additional debt. - Post-Pandemic Recovery: While designed as a post-pandemic recovery measure, the effectiveness of financial incentives may be influenced by uncertainties in the post-COVID economic landscape.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> - Stimulating Economic Growth: Financial incentives have the potential to stimulate economic growth by encouraging investments in wastewater treatment and circular economy initiatives, fostering job creation and business development. - Integration of Green Practices: The commitment to sustainable financing presents an opportunity to integrate green practices into various sectors, contributing to a more environmentally conscious and resilient national economy. 	<p>THREATS</p> <ul style="list-style-type: none"> - Limited Funding: Despite the allocation of significant credit funds, the actual impact may be limited if there are challenges in the distribution or utilization of these funds, potentially hindering intended eco-eco benefits. - Economic Uncertainties: External economic uncertainties & unforeseen challenges affect to overall success of sustainable financing initiatives, emphasizing the need for proactive risk management.

Montenegro's approach to financial incentives and sustainable financing demonstrates strengths in its comprehensive strategy, circular economy focus, and alignment with European sustainability goals. However, potential weaknesses related to credit program dependency and post-pandemic uncertainties should be carefully monitored. Opportunities lie in stimulating economic growth and fostering the integration of green practices, while threats include funding limitations and broader economic uncertainties.

European Funds and International Cooperation

Montenegro integrates European Funds and International Cooperation into its sustainability strategy, aligned with goals for climate neutrality by 2050.

Collaborative efforts with international partners emphasize green project funding. IPA programs focus on air quality, water management, and legal harmonization. IPA III 2021-2027 prioritizes themes like the green agenda and climate action. With substantial support, Montenegro pursues its environmental goals while fostering global partnerships. Refer to Table 3 for the SWOT Analysis on Montenegro's European Funds and International Cooperation.

Table 3: *SWOT Analysis: European Funds and International Cooperation*

<p>STRENGTHS</p> <ul style="list-style-type: none"> - Financial Backing: Montenegro benefits from substantial financial support through European Funds, providing the necessary resources for large-scale environmental projects. - Global Alignment: The nation's commitment to achieving climate neutrality aligns with international agreements such as the Paris Agreement, raising sense of global responsibility. - Collaborative Approach: Montenegro's collaboration with international creditors and donors demonstrates a collaborative approach to environmental initiatives, leveraging expertise and resources from various stakeholders. - Diverse Program Themes: The IPA III 2021-2027 programs cover diverse themes, including the green agenda, sustainable connectivity, and climate change mitigation, offering a strategy for environmental sustainability. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> - Dependency on External Funds: The reliance on European Funds and international cooperation may pose challenges if there are fluctuations in funding availability or if the nation faces difficulties meeting the conditions set by donors. - Implementation Challenges: Complexities in implementing measures and aligning with EU legal harmonization may present challenges, requiring effective coordination and management.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> - Environmental Advancements: The financial support and collaboration create opportunities for Montenegro to make significant advancements in environmental protection, climate action, and the transition to a low-carbon economy. - Global Partnerships: International cooperation fosters global partnerships, allowing Montenegro to exchange knowledge, technology, and best practices with other nations committed to sustainable development. 	<p>THREATS</p> <ul style="list-style-type: none"> - Changing International Priorities: Shifts in international priorities impact the availability of funds or alter focus of collaboration, introducing uncertainties into eco initiatives. - Stringent Conditions: Adherence to stringent conditions set by international creditors and donors may pose challenges, requiring careful navigation to ensure successful project implementation.

Montenegro's approach to European Funds and International Cooperation exhibits strengths in financial backing, global alignment, collaborative strategies, and diverse program themes. However, potential weaknesses

related to external fund dependency and implementation challenges should be carefully addressed. Opportunities lie in making substantial environmental advancements and fostering global partnerships, while threats include changing international priorities and stringent conditions imposed by donors.

Montenegro's Energy Landscape

Montenegro's dedication to „Energy Efficiency and Renewable Energy“ and „Auctions for Renewable Energy“ reflects its commitment to a sustainable economy with a diverse portfolio. While past successes are encouraging, addressing challenges such as funding dependency and technological adoption is crucial. Opportunities for market stimulation and economic resilience are present, but shifts in government priorities and public awareness could pose threats. Auctions play a vital role in ensuring economic efficiency and aligning with global green goals. Support from the European Bank for Reconstruction and Development positions Montenegro for strategic investments, though vigilance against market uncertainties, technological risks, and regulatory changes is imperative. Additionally, Montenegro must prioritize capacity building and stakeholder engagement for long-term sustainability.

The SWOT Analysis on Montenegro's Energy Landscape is presented in the Table 4.

Table 4: *SWOT Analysis: Montenegro's Energy Landscape*

STRENGTHS	WEAKNESSES
<p>- Diverse Initiatives: Montenegro showcases a robust portfolio of initiatives, ranging from enhancing energy characteristics in public facilities to promoting modern biomass systems, presenting a comprehensive approach to energy efficiency.</p> <p>- Successful Programs: Previous household support programs highlight the effectiveness of implemented strategies and the positive response from citizens, providing foundation for future initiatives.</p> <p>- Cost-Effective Electricity: Auctions serve as a robust mechanism for securing the lowest electricity prices, ensuring a cost-effective energy supply for consumers and fostering economic efficiency.</p> <p>- Transparency and Competition: Individually sealed bidding procedures contribute to a transparent and competitive environment in auctions, promoting fairness and efficiency.</p>	<p>- Dependency on Funding: The reliance on favorable loans and financial incentives may pose a challenge, particularly if financial support faces limitations or is not sustained over the long term.</p> <p>- Limited Technological Adoption: The success of biomass systems and auctions relies on citizen adoption, and any reluctance or slow adoption may hinder the overall effectiveness of initiatives.</p> <p>- Dependency on Market Conditions: The success of auctions may be influenced by market conditions, and any fluctuations or uncertainties could impact the stability and effectiveness of this approach.</p> <p>- Technological Risks: Rapid advancements in renewable energy technologies may pose challenges, and the auction system must adapt to evolving innovations to remain relevant and effective.</p>

OPPORTUNITIES	THREATS
<p>- Market Stimulation: Initiatives promoting partnerships between banks and distributors/installers of biomass heating equipment offer opportunities for market stimulation, encouraging economic growth in the renewable energy sector.</p> <p>- Strategic Investment: The European Bank for Reconstruction and Development's extensive support presents opportunities for strategic investments in renewable energy projects, further enhancing Montenegro's capacity and infrastructure.</p> <p>- Economic Resilience: The commitment to continuing efforts in the current year indicates an opportunity for Montenegro to strengthen its economic resilience by fostering a sustainable energy future.</p> <p>- Global Alignment: Alignment with global efforts in transitioning to sustainable energy positions the country favorably for international collaborations and partnerships.</p>	<p>- Changing Government Priorities: Shifts in government priorities or policies may impact the continuity and support for ongoing and future energy efficiency programs and auctions, posing a potential threat to the sustainability of these initiatives.</p> <p>- Public Awareness: Success of these programs depends on citizen awareness; a lack of public awareness or engagement could hinder the broader adoption of renewable energy solutions.</p> <p>- Regulatory Changes: Changes in energy regulations or policies could impact the structure and effectiveness of auctions, posing a potential threat to the stability of renewable energy initiatives.</p> <p>- Market Competition: Increased competition in the renewable energy sector may impact the feasibility of obtaining the lowest electricity prices through auctions, requiring adaptive strategies.</p>

Montenegro's combined efforts in energy efficiency and renewable energy, alongside the use of auctions, showcase a holistic approach to sustainable development. While there are strengths and opportunities, careful consideration of weaknesses and threats is essential for long-term success in the dynamic landscape of energy sustainability.

Climate Action and Paris Agreement Obligations

Montenegro actively supports global initiatives like the Paris Agreement, demonstrating a dedicated commitment to a 35% reduction in greenhouse gas emissions by 2030, signaling a forward-looking response to urgent environmental challenges. The alignment of Montenegro's Nationally Determined Contributions with national strategies underscores a systematic approach to reducing emissions, targeting critical sectors. However, effective climate action relies on strong sectoral collaboration, necessitating robust inter-sectoral partnerships. The precision of ambitious targets in subsequent cycles hinges on reliable data infrastructure, emphasizing the need for strategic data investment. Montenegro's proactive stance positions it as a significant contributor to global climate action. The EU's substantial incentive offers funding opportunities for strategic climate projects aligned with national commitments, but vigilance against external economic challenges is crucial for sustained progress. Aligning new industrial developments with

environmental impact assessments is imperative to avoid unintended consequences, highlighting the need for careful planning and risk management. The SWOT Analysis on Montenegro's Climate Action and Paris Agreement Commitments is presented in the Table 5.

Table 5: *SWOT: Climate Action and Paris Agreement Commitments*

<p>STRENGTHS</p> <p>- Commitment to Reduction Targets: Montenegro's commitment to achieving a substantial 35% reduction in greenhouse gas emissions by 2030 reflects a strong dedication to global climate change mitigation.</p> <p>- Integration of National Strategies: The alignment of Montenegro's Nationally Determined Contributions (NDC) with national strategies and plans ensures a comprehensive and coordinated approach, covering key sectors like energy, industry, and waste.</p>	<p>WEAKNESSES</p> <p>- Dependency on Sectoral Cooperation: Achieving reduction targets is contingent upon effective cooperation across various sectors. Weaknesses in sectoral collaboration may hinder the smooth implementation of climate action measures.</p> <p>- Data Availability and Accuracy: The effectiveness of subsequent revision cycles relies on the availability and accuracy of data from different sectors. Data collection may impact the precision of setting ambitious targets.</p>
<p>OPPORTUNITIES</p> <p>- Setting Ambitious Targets: Montenegro has the opportunity to leverage new data in subsequent revision cycles, allowing the country to set even more ambitious targets for reducing greenhouse gas emissions, contributing significantly to global climate action.</p> <p>- EU Incentives: The significant incentive provided by the European Union for embracing a greener path presents an opportunity for Montenegro to access funding and support for sustainable initiatives.</p>	<p>THREATS</p> <p>- Insufficient Environmental Impact Assessments: Failure to align new industrial developments with rigorous environmental impact assessments may pose a threat to meeting commitments and lead to unintended environmental consequences.</p> <p>- Global Economic Challenges: External economic challenges may impact the availability of resources and funding for climate action initiatives, potentially slowing down the progress toward reduction targets.</p>

Montenegro's commitment to climate action and adherence to the Paris Agreement demonstrates strength in reduction targets and strategic integration of national plans. To maximize opportunities and address challenges, Montenegro should foster sectoral cooperation, invest in robust data infrastructure, and ensure the alignment of new developments with rigorous environmental assessments. As Montenegro navigates its climate action journey, the nation stands poised to contribute significantly to global environmental sustainability.

Conclusion

Montenegro's sustainable development drive features collaboration, financial innovation, international cooperation, and strategic energy initiatives. The Circular Economy Roadmap showcases commitment and innovation, but collaboration challenges and resource intensity require

attention. Financial Incentives and Sustainable Financing offer a multifaceted approach aligned with European goals, despite credit dependency and post-pandemic uncertainties. European Funds and International Cooperation signify financial backing and collaboration, yet external fund dependencies and implementation complexities pose hurdles. Montenegro's Energy Landscape presents opportunities in market stimulation, strategic investment, and global alignment, despite funding and technological challenges. In Climate Action, Montenegro commits to substantial reductions, addressing sectoral dependencies and data accuracy. Navigating these challenges while seizing opportunities is crucial for Montenegro's sustainable success. This paper aims to guide policymakers, businesses, and stakeholders in steering Montenegro toward a prosperous trajectory. As Adam Smith, the father of modern economics emphasized the pursuit of wealth and Alfred Marshall delved into understanding how mankind obtains and utilizes wealth in ordinary life, their philosophical contributions should further resonate in the context of Montenegro's sustainable development. Just as economic principles drive prosperity, Montenegro's commitment to collaborative, innovative, and international efforts in principle echoes the essence of Smith and Marshall's ideas. In navigating challenges and seizing opportunities, Montenegro aligns with the timeless wisdom of these economic leading lights, emphasizing the importance of strategic planning, collaboration, and adaptability in tracking down of a sustainable and prosperous future.

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