



GOVERNMENTAL INVESTMENT IN THE ENVIRONMENTAL ECONOMY IN THE WESTERN BALKAN

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Abstract:

“A Green economy” has been one of the key agendas that governments all over the world have set as a goal to achieve. The last few decades have been critical for the recognition of this major problem, and they played a critical part in reversing the effects brought on to our planet with the acts of people and other natural factors. Governments have devised multiple plans to enforce regulations that would protect the environment we live in, and most of these plans have been spearheaded by the United Nations (UN) and the European Union (EU). They have developed several plans that have a task to minimize, or escalate, the effects of global warming until 2050. Covered by these plans are almost all of the World’s countries, and a majority of these actions are connected with the economy and sustainable development. The Western Balkan region has recently started implementing Eco laws and trying to make the environment more energy efficient. The WB countries have also undergone serious economic improvement in the environmental field. This paper analyses the progress of the Western Balkan countries, its onset and implementation, as well as plans for future economic investment. The countries that will be analyzed are Albania, Bosnia & Herzegovina, Montenegro, North Macedonia, and Serbia. The analyses in the paper include the presentation of legal regulations and the economic perspectives of the plans that need to be implemented in these countries, as well as their investment potential concerning the green economy. Since all of these countries tend to become members of the EU in the future, these results would be compared with the average measures performed by the EU countries. The paper hypothesizes that Western Balkan countries have lower average rates than EU countries, and would have to focus not only on making a more stable legal perspective concerning Eco laws, but also a more environmentally stable economy.

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INTRODUCTION

Climate change is one of the biggest issues that has been at the height of our concern for decades. Gas emissions and global warming are particularly concerning and do present very big threats that need to be solved as fast as possible. These threats can only be escalated in a united governmental front that needed to include most of the world countries. That is why the UN organizes annual COP conferences, which have the task of making an agenda and pursuing it within the shortest possible period. Also, the UN started organizing ICPP conferences whose purpose is to form a consistent plan of protecting the environment against climate change, as well as to create special regulations that are in line with the UN's plan (Арежина; Дардури, 2018). During the Paris Accords, essential points for the coordinated action plan to limit global warming and reduce it to pre-industrial levels, or as low as possible, were agreed upon and this task is to be completed before 2050. (Ji & Zhang, 2020). The EU has also devised multiple plans and taken serious action when it comes to climate change. The plan is known as the "Three-Twenty plan", which has a task to lower all kinds of environmental threats by 80%. Investments in various environmental projects, as well as raising social awareness, are key ways to achieve the goals that have been set over the years, and it is one of the defining factors which will impact future developments (Piksiades, 2020).

Ecology represents a very broad scientific field that spans both ways of the "science spectrum", involving both natural and social sciences. In the social sphere, ecology has become one of the key components of politics, law, and the economy. All of these social sciences have recognized problems beholding our planet and tried to resolve them. Green, or environmental, economy is an area of the economy whose goal is to improve general living economic parameters while protecting the environment and minimalizing the risk of environmental problems (Terdiman, 2012). In the recent period, ecology has become one of the most important topics, especially during the COVID-19 pandemic, making clean energies a priority and main focus (Claire, 2020). The economy is at the center of climate change and it cannot be separated from it. It is essential for climate change to be reversed and escalated to the farthest extent possible. The economy represents one of the main pillars of the EU, and it is the reason why multi-governmental cooperation has reached its highest point. Sustainable development has also been adopting eco- standards, mainly because of the protection of our environment and creating a better standard of living for European citizens (Lilić, Drenovak-Ivanović, 2014). The concept of a Green Economy was framed and presented in Rio, 1992, at the COP conference held by the UN. After that, it became a base for future green deals and potentially one of the most important milestones that countries need to meet to preserve their environment. The main focus of a Green Economy is sustainable development. Sustainability is a key factor that plays an important role in environmental and governmental areas, raising awareness of a healthier environment and usage of renewable resources (Gašić, 2013). This, however, cannot go unregulated. Environmental performances and actions have to have a clear legal frame that could be reached through reforms and policymaking, which has not been the interest of many countries until recently (Rapsikevicius, *et al.*, 2021). The EU, being a political and economic actor, encourages countries that will potentially join the Union to have stable and developed economic regulations and markets. It represents a driving force that urges countries to further their development, as well as to make it faster so that the economic integration would happen as fast as possible (Głodowska and Pera, 2019). One of those key aspects is sustainable development. Under sustainable development, we would consider a mix of care for the living world on our planet, as well as maintaining the capacity of natural resources, and using them for social and ecological challenges.



For the environmental economy to function, the Government of the country needs to have imposed sufficient laws. These laws must be effective, efficient, administratively easily enforceable, and politically acceptable (Šogorov Vučković, 2020). Policymaking in the field of environmental protection has been more frequent in the last few years. However, the ones that are researching and implementing these laws have been working on them for decades, designing implementation plans that would be most effective (Dressel *et al.*, 2021). In this case, government influence and investment are crucial. Direct and indirect government investments are also necessary for competitive development and improvement, bringing new advancements into human resources and technologies alike (Thongsri and Chang, 2019).

METHODOLOGY

Empirical research, carried out in numerous studies, shows that sustainable development is in direct correlation with the development of the country and its sustainability scores, which include developments in the economy, policymaking, medical care, and other social aspects (Demidova *et al.*, 2021). The methodology that will be used consists of combined scientific methods that include analytical, deductive, inductive, and generalization methods. Method of generalization will be used to explain what the Western Balkans are, therefore it will be used in the pure theoretical sense. This method will be used minimally. Mostly the paper will consist of analytical methods. It will examine how the governments of the Western Balkans act on the opportunity of making their respected countries have better and greater green economic standards. For the basis of every analysis, a report will be used that shows the annual progress of the aforementioned country. If the report of a country is not available, the analysis will be carried out solely on available reports, that is the EU annual report and the UN report. The green economy is a very big field and does involve a lot of fields to be covered and analyzed. For the sake of this paper, we have decided to give each country overview in six key fields: Renewable Energy Sources, “Green” (or Eco) infrastructure, Sustainable transport, Water Management, Waste Management, Land Management. All of the statistics will be shown in tables, one for each country, and contrasted with the results achieved by the EU. That will give a perspective of how close, or far, Western Balkan countries are to reaching the development needed to fulfil requirements to join the EU, and what their development has been like lately. Governmental subsidies play a vital role when it comes to development.

Western Balkans

The Balkan region is a fairly large landscape spanning Southern Europe. This region has been a valuable historically-political and economic region for centuries. Politically speaking, the Balkans have been at a crossroads of the Orient and Western Europe, a unique mix of conservatively-traditionalistic and Pro-European societies (Todorova, 2006). During the 20th century, the Balkans were under democratic, then mostly under Socialist rule. After the fall of the Berlin Wall, the countries again had democratically elected leaders and started their transition and the process of joining the EU. Economically, the Balkan region has been an important crossroad for trade since Roman times. Therefore, Balkans have always been one of the key economic regions that supply Europe with multiple goods from the East as well and vice versa.



The term Western Balkans, political in its nature, has been given to the countries that are located in the Balkans but still are not a part of the EU. Those countries are Albania, Bosnia & Herzegovina, Montenegro, North Macedonia, and Serbia. The Western Balkans represent a turbulent political, economic, and geographical region. Geographically speaking, the biggest part of the Western Balkan region was part of Yugoslavia (SFRY), thus sharing the economic and political area of one sovereign country. That was all made more difficult after the devolvement of Yugoslavia.

In a political sense, the countries of the Western Balkans have many unresolved issues among themselves, some even stemming from the Socialist period. Most of these problems have escalated, or have been created, during the 1990s. Many of those issues have not been resolved yet. After the fall of Socialist governments, countries in the Western Balkans entered a period of transition. Democratization of these, once authoritarian, systems lead to the desire of joining the EU, which was at the time open for enlargement. Some problems were resolved, and some have remained. One of the biggest problems of expanding the EU into the territories of the Western Balkans is the poor economic, social and political outlook; people are “voting with their feet” by joining the regional mass migration drive towards the EU countries (Bonomi, 2018). These are the main reasons why policymakers in the EU are quite cautious when deciding on the enlargement into the Western Balkans, even though the situation in the Western Balkans has improved very much over the last decade, especially in economic terms. However, there are still a few key issues that countries in the Western Balkans have to resolve, environmental issues and the enforcement of environmental policy being the most difficult ones. In the EU negotiation chapters, no. 27 is reserved for Environmental policies and climate change issues. It is designed to encourage countries that will be joining the EU to make their environment cleaner and more energy-efficient and to enforce sustainable development. Upon joining the EU, countries of the Western Balkans will need to implement all of the necessary procedures and ensure the fulfilment of all the agreements of communities of the Union (Čavoški, 2007). Environmental regulations represent one of the most important aspects when it comes to implementing green innovations, and they are needed to protect our environment. That can be achieved by imposing limitations on environmental goods since they are public property (Feng, Z.; Chen, W.; Rosen, 2018).

Economically, Western Balkans are connected and intertwined with various trade routes and economic cooperation. All of the countries do participate in the Berlin Process that started in 2014. The Berlin Process has a task to maintain the sustainability of the Western Balkans, support the ongoing reforms, and enhance the cooperation among the regional countries (Marjanović & Rudan, 2018). Multiple conferences were organized over the years, and there were significant developments in that field¹. Even though the Berlin process was supposed to last until 2018, it continued in the years after as well. The ideal outcome of this process would be for the countries to work together and devote themselves to resolving regional issues (Marjanović, Rudan, 2019). In one way or another, the Berlin Process was quite successful from the perspective of economic relations among the countries. It has directly influenced the formation of a Regional Economic Area (REA), known better as the “Mini-Shengen”. This area had a task to ensure the implementation of the “Four Freedoms” of the EU (the movement of goods, people, labor, and investment/services), especially because the Western Balkan market has almost 20 million people and could be good for new foreign direct investment, which would result in economic prosperity (Đukanović & Đorđević, 2020). One of the key issues in this agenda is solving the problem of implementing environmental policies and building a system that is more focused on sustainable development.

1 More than 50 billion Euros have been donated to the cause of sustainable development and energy efficiency in the Western Balkans



The EU proposed 5 Green agendas that need to be fulfilled by the Western Balkan countries: de-carbonizing, clean energy production with sustainable development, recycling, biodiversity, and decreasing air/water/soil pollution (Commission Staff Working Document, 2020). Western Balkan region has big problems when it comes to domestic investments, high rate of unemployment, foreign debt, trade dependency, and low-income production (Рапаић, 2021). A great example that the Western Balkans have is Hungary, whose institutional approach, intelligence distribution, and government involvement led to the development of the country's eco politics (Varjú, 2020).

Albania

Albania is the only country in the Western Balkans that was not part of the former Yugoslavia, but it was a part of the Socialist block and was regarded as one of the poorest in Europe back in that period. The transition meant that Albania would switch to a more open economic system and would become part of the free market. When we look at the environmental politics in Albania, it is still somewhat in its infancy, just like in most of the Western Balkan countries. The country has a lot of various natural resources, which need to be protected and responsibly distributed (Mullaj *et al.*, 2017). The EU annual report for 2020 states that Albania made limited progress when it comes to environmental protection; legislations have been adopted in accord with European standards², yet still some areas need to be addressed and laws implemented according to European standards³ (Commission Staff Working Document, Albania, 2020). The biggest problem Albania faces is a lack of government funding for various projects. There are no government funds that are specialized for financing environmental projects (UNECE, 2018).

With regard to renewable energy sources, Albania has made significant progress in the last few years. The Environmental Law that came into power in 2017, states and guarantees transmission and distribution of electricity from renewable energy sources (RES) and priority access to the transmission and distribution grids (UNECE, 2018). Most of the country's RES, exactly 95%, come from hydropower. Renewable energy represents one of the most important areas of investment regarding the green economy, and great efforts need to be put in to implement it (Ji and Zhang, 2019). That puts Albania in front of many European countries that use RES. The government has got around 100 million Euros of donations over the last few years, which can be put into funds to increase RES numbers. Since there are no Environmental funds, environmental infrastructure relies heavily on foreign funds and donations. In a two-year period (2016-2018) Albania invested a total of 74,350,9024 billion Lek (UNECE, 2018). Only a small portion came from government investments. When it comes to sustainable transport, Albania has made a significant move with regard to this very important part of the green economy. The country has devised and started implementing the Plan for Sustainable Transport (2016-2020), which includes road infrastructure and transport improvements, both public, and transit (UNECE, 2018). So far the country has started building new railways and motorways, as well as using eco-friendly transport in multiple municipalities. Water Management represents one of the most important green economic fields, and it is also one of the most used in Albania. The waste-water treatment still needs to proceed with the completion and adoption of the remaining river basin management plans, including the transboundary consultations (Commission Staff Working Document, Albania, 2020). Waste Management represents a great problem in Albania.

² Legislations of water management, environmental crime, and civil protection

³ Waste management, water, and air quality, and climate change



In the past, Albania even used to import waste from other countries, but that trend has ended. The recommendation from the EU is to promote recycling and reuse of waste, as well as to prevent waste generation remain limited (Commission Staff Working Document, Albania, 2020). Land Management is similarly not such a strong asset of Albanian policy. According to the reports, 22.31 % of the land in Albania is arable, which is lower than the EU average (UNECE, 2018). When it comes to waste management, especially the waste produced by gas, just like developed countries, Albania needs to look after that. It has to find safe storage to deal with remaining CO₂, and thus preserve its environment (Roduner and Rohwer, 2021).

Table 1. Waste management

Country	Recycling municipal waste (%)
Albania	13%
Bosnia and Herzegovina	(no results)
Montenegro	5%
North Macedonia	(no result)
Serbia	5-8%
EU (average)	47.5%

Source: Eurostat

Bosnia and Herzegovina

Bosnia and Herzegovina was once a part of Yugoslavia. In recent decades, especially after the civil war that took part on the countries' territory, the economic and political situation has become difficult. Being as it is, Bosnia and Herzegovina is the only country in the Western Balkans that has not received a candidate status from the EU. The country is also lagging in environmental practices in comparison with the EU member states (United Nations, 2020). According to the EU Commission report, Bosnia and Herzegovina is still in its early stage of preparation in the area of environmental and climate change, and they have a very limited advancement in the area (Commission Staff Working Document, Bosnia and Herzegovina, 2020). As long as the economy of Bosnia and Herzegovina is concerned, it is not in any danger of inflation, since the inflation numbers are quite low, but there are, however, other issues. The country has high current account deficits and elevated unemployment levels that create serious problems for the country (UNECE, Bosnia and Herzegovina, 2018). A very big problem in Bosnia and Herzegovina is the aspect of law and government organization. Since it is a decentralized country, there is no environmental protection law in effect. That leaves the policy framework without strong legislative control (Blau & Janssen, 2020), which, unfortunately, might have an impact on political positions in the country. From society's point of view, pro-environmental behaviors are more likely to have positive feedback from the community (Clayton *et al.*, 2021). When it comes to international cooperation, Bosnia and Herzegovina needs to extend its approach. That way the policies can be implemented more efficiently and it would be possible to form intergovernmental organizations that would implement various projects (Persson and Runhaar, 2018).



Regarding renewable energy sources, Bosnia achieved a very good result in the previous year. A total of 36% in gross final consumption was calculated (Commission Staff Working Document, Bosnia and Herzegovina, 2020). As long as green infrastructure is concerned, Bosnia and Herzegovina has a big problem. The report by SCP outlines that companies are not implementing environmental procedures that are in line with the EU (Blau & Janssen, 2020), while the EU Commission report states that energy infrastructure is undeveloped or non-existent (Commission Staff Working Document, Bosnia and Herzegovina, 2020). Also, there is a big problem with regulations related to the environmental infrastructure. Bosnia and Herzegovina never imposed any law in that field. Sustainable transport is one of the key fields in which Bosnia and Herzegovina are lagging behind the EU. It still has very high CO₂ emissions, and there is a lack of funds and people when solving this big problem. Also, the quality of roads, as well as the network of roads is still insufficient to cover all of the needs the country has. Regarding water management, the situation in Bosnia and Herzegovina is better. The country has a lot of water resources, but they are not used appropriately and can be considered neglected from the perspective of environmental policy. The recommendation of the EU is to devise a consistent and harmonized countrywide strategy and investment plans on water management that would include implementing legislation and monitoring (Commission Staff Working Document, Bosnia and Herzegovina, 2020). Water management would be a direct result of the project in the field of water management and would determine the levels of pollution precisely (Karczmarczyk, 2021). Waste Management is a major problem in Bosnia and Herzegovina. The country does not have any plans and it is not in the process of developing one. The biggest problems are landfills that are not managed and are constantly getting bigger. Land Management is one of the factors that can be used for good advantage in Bosnia and Herzegovina. With more than 43% of agricultural land, Bosnia and Herzegovina has the potential to reinforce good regulations and manage their land following the EU regulations.

Table 2. Environmental Infrastructure

Country	Motorways/railways (km/lines per 1000 km)
Albania	No data/12.2
Bosnia and Herzegovina	198/20
Montenegro	No data/18.4
North Macedonia	287/27.4
Serbia	963/48.1
EU (Total)	<i>Approx. 75.000/ approx. 210.000</i>

Source: EU Commission report

Montenegro

Montenegro is also one of the Ex-Yugoslav states that did not have any environmental regulation until recently. The country had been a part of the State Union Serbia and Montenegro until 2006 when it declared independence. Currently, the country has a candidate status for joining the EU. Based on the latest report of the EU, it has been suggested that Montenegro should considerably increase goals when it comes to environmental regulations (Commission Staff Working Document, Montenegro, 2020). Montenegro has made a significant improvement regarding the environmental policies and implementation of green economy, and they were determined to adapt their policies in accordance with EU standards (Eironet, 2019).



Generally, Montenegro has been on the right track in regard to renewable energy sources, performing better than any other country in the Western Balkans. However, even this has represented a downward trend in Montenegro in the last year, which is the lowest figure since 2008 (Commission Staff Working Document, Montenegro, 2020). Also, the government has yet to adopt a plan for renewable energy and enforce it in the best way possible. The environmental infrastructure is fairly good, but a majority of projects need to be realized. They have also imposed multiple regulations in this field. Some projects are already underway and their goal is to transform Montenegro into an exporter of electric power, as well a key transit route (Commission Staff Working Document, Montenegro, 2020). Making new renewable energy structures has had a large impact on urbanization in the country. It can be said that these urbanizing projects have had a positive impact on social, ecological, and economic systems (Blanco *et al.*, 2021). As for sustainable transport, one of the most important is the Adriatic-Ionian expressway, which is needed both to fasten transport of goods and to make the country a transit for economic goods. The government has invested much in building the expressway so that the country can be connected with the rest of Europe faster, and in a more efficient way. Water Management is one of the strongest assets of environmental economics and policy implementations in the country. All the requirements were met and the work on infrastructure has already begun. On the Adriatic sea, all of the hydropower components have been arranged, as well as the software. Waste Management is not a strong field in the eco-policy or economic policies of Montenegro. It is partially aligned with the EU's policy, and therefore the model and the modalities of its implementation remain to be clarified (Commission Staff Working Document, Montenegro, 2020). Land Management is not one of the strongest assets of Montenegro's environmental economy. What is significant for the whole region, and Montenegro is no exception, is the negative approach when it comes to rural areas and their transformation into modernized environments (Kosanović, *et al.*, 2019). The country has a rather low agricultural land percentage, and that represents something to be worked on in the future. When it comes to energy, the government should push for further technological innovation which will eventually make the environment cleaner, as well as reduce costs of energy production (Hua and Wang, 2019). Montenegro does not have a big problem with implementing regulations, but with assessing them. Accordingly, the country needs to have a detailed risk analysis, as well as problem-solving, based on previous testing and potentially new one (Edenhofer and Kowarsch, 2015).

Table 3. Renewable energy sources

Country	RES in use (%)
Albania	95%
Bosnia and Herzegovina	No data
Montenegro	64.4%
North Macedonia	26.1%
Serbia	28%
EU (average)	36%

Source: EU Commission report



North Macedonia

North Macedonia represents one of the least developed parts of former Yugoslavia. The rugged terrain and a fairly big probability of natural disasters have predetermined the country as not being very fit for industrial prosperity. That aspect aside, North Macedonia is a very important transit country, connecting some very big ports in the South with the rest of Europe. As for the governmental segment, North Macedonia had a lot of political turmoil, but it managed to resolve them. Now, North Macedonia has a fairly stable government, as well as the Ministry of Environment that has started to impose some very important laws.

Renewable energy does not represent a strong economic aspect of North Macedonia. The country has not met the set requirements, but the Parliament has voted in some important laws on RES. The EU requests that investments in hydropower should be aligned with EU standards (Commission Staff Working Document, North Macedonia, 2020, 108). North Macedonia had a significant problem with environmentally-friendly infrastructure. The government did put in a lot of money into this segment, but it was not enough. The recommendation of the EU is that this field should be subsidized more heavily, especially the projects related to hydropower, mining, and infrastructure (Commission Staff Working Document, North Macedonia, 2020). Sustainable transport is also an undeveloped area in North Macedonia's environmental economy sector. The government did enlarge its network of roads, but it did not use any funds from the EU. That should have been taken more seriously and with far greater observance. The country has made a significant improvement regarding the usage of hydropower and water management, but there is still much to be done. Administrative capacity and inter-institutional coordination need to be aligned with the standards of the EU, because, currently, they are not strong enough (Commission Staff Working Document, North Macedonia, 2020). Similarly, the improvements in the field of waste management still represent a problem in North Macedonia. There needs to be an increase in economic incentives to promote recycling and the prevention of waste generation (Commission Staff Working Document, North Macedonia, 2020). Land Management is one of the fields where North Macedonia did make significant progress, especially on rural land. The EU Commission ruled that the country made good progress in implementing the pre-accession assistance program for rural development (Commission Staff Working Document, North Macedonia, 2020). For the development of the country, there needs to be a strong managerial structure. That should be encouraged by the coordinating bodies, which would further encourage competitions, as well as social and environmental projects, thus leading to overall better performance (Martínez-Ferrero and Lozano, 2021). What still represents a large problem is the burning of fossil fuels in the country. This is a regional problem that contributes to the rise of carbon dioxide in the atmosphere, as a consequence of various economic activities, which need to be limited (Blagojević, *et al.*, 2020).

**Table 4.** Water Management

Country	Hydropower (MW)
Albania	95
Bosnia and Herzegovina	No data
Montenegro	70
North Macedonia	62
Serbia	100
EU (average)	650

Source: EU Commission report

Serbia

Serbia represents one of the leaders in the Western Balkan area when it comes to economic investment. Formerly the industrial and political center of Yugoslavia, Serbia, with its capital Belgrade, has been one of the most important and influential economic hubs in the region. The economy of the country was slowed down by sanctions that were imposed during the 1990s, but it entered the transition period in the early 2000s. That transition meant that Serbia would start its negotiations for the EU membership, which was considered to be the main reason of general stability and country consolidation (Базић, Бујвид Курек, Обрадовић, 2019). When the Republic of Serbia was formally formed in 2007, the country embarked on a path of building its economic system in which environmental protection, and investment in the green economy, was a major factor. Today Serbia is one of Europe's most investment-prone countries, giving out high subsidies to big foreign investors. The biggest investor in Serbia by far is the EU. When it comes to environmental protection and investments, the Government of Serbia is focused on this problem. After the 2020 election, in her Assembly address, the prime minister pointed out that the country would invest in a green economy. Substantial investments have been put into projects related to the distribution of electricity, as well as into the modernization of energy distribution systems (Government of Serbia, 2020). Following that, the EU also regards it as very important to encourage green economic growth, especially the one based on the relations of the economy that rely on knowledge and innovations (Jovanović, Stojković Zlatanović, 2020). The government should invest more into a green economy, which would secure more stable budget resources (Grupa autora, 2017). Serbian Government is the only government that is transparent when it comes to publishing data about current investment in the environmental economy and sustainable development. The budget for this year will be 121 million Euros⁴. Although the environment is one of the key areas of investment in Serbia, no significant environmental investments were made in the previous year. Serbia needs to improve its sustainable development, which will directly influence the development of new technologies and embrace further innovation (Guo, *et al.*, 2018). Regarding various political movements, we have witnessed a resurgence of the environmental movement in the last few years. Their philosophy is purely environmental and tends to be apolitical, even though their leaders can have left-wing and right-wing political aspirations (Matkovic, 2021).



When it comes to renewable energy sources, Serbia has made significant improvements so that the country's primary legislation is now compliant with the EU's third energy package (Commission Staff Working Document, Serbia, 2020). However, further progress is needed in this area. Serbia has set its target for RES to be 27% by 2020, which it has already reached, but further measures should be taken in order to reach the 40% needed by 2030. As long as the environmental infrastructure is concerned, Serbia is the leading country in the region in the number of motorways and railways. Consequently, the EU has concluded that Serbia has been attracting significant foreign direct investment, well above the region's average and gradually rising in the last few years (Commission Staff Working Document, Serbia, 2020). Although sustainable transport is one of the areas in which Serbia has been making improvements over the years, there is still room for enhancement. Representing an important transit road for all of the transport coming from Southern and Eastern Europe, Serbia must impose regulations that favor the country's attracting more transport. What poses a rather big problem for Serbia is Water Management. Even though natural resources do allow this aspect to have much better results, Serbia has not made significant progress. Therefore, the country should be in line with EU environmental legislation, including environmental impact assessments with proper public consultations, nature protection, and water management legislation (Commission Staff Working Document, Serbia, 2020). Another serious issue Serbia has to address is waste management. The recycling rates are too low, which implies that much more investment is required. The country has adopted multiple laws and regulations in the area, but there is yet room for improvement. Land Management is yet another problem for Serbia. In terms of agricultural, the country has a lot of fertile land, which is not used to its fullest potential. There is a plan to strengthen this field of economy, and the EU has suggested that it should now be extended over a wider area without delay (Commission Staff Working Document, Serbia, 2020).

Table 5. Sustainable transport

Country	Road share of inland freight transport (t/km,%)
Albania	No data
Bosnia and Herzegovina	No data
Montenegro	55.7
North Macedonia	97.2
Serbia	63.1
EU (average)	53

Source: EU Commission report

CONCLUSION

Countries of the Western Balkans have all made significant progress over the last few years in terms of environmental protection and economy. However, they still do lag behind the EU countries. Some fields are especially alarming and need to be addressed on the level of the whole region: Transparency, waste management, and Government investments. With regard to transparency, it represents the major problem for all of the Western Balkan countries, especially Bosnia and Herzegovina. In all of the countries, the only fully credible report was given by the EU Commission, i.e. individual countries did not publish their reports on environmental issues and development. That trend needs to change in order



to have a full picture of the environmental overview. Regarding waste management, all of the countries need to have better rates of recycling. One great solution is to have a Regional Recycling Center, which will then improve the rates of all countries. This plan has been spoken of but never put into action. The last aspect that urgently needs to be addressed is Government investment. Even though we do not have reports on how much money some countries in the Western Balkans spend on investment, based on the results of the report, we firmly believe that it needs to be increased drastically. All of the Western Balkan countries have received significant funds from the EU when it comes to environmental investment, but that money needs to be put to better use and in a larger amount. Putting a larger portion of their GDP into environmental investment will do good for the countries and bring them closer to becoming a EU member. Other aspects also require improvement, but these three are very important, and the Western Balkan countries have shown very small improvement rates. Water management should be improved by using more hydropower to produce electricity, which all of the countries in the Western Balkans are capable of. Furthermore, Land management should be improved by increasing the number of agricultural lands. This is possible to achieve with good Government subsidies. Transport and infrastructure represent areas in which the smallest improvements and effort are needed, but are still required. More direct Government investment is needed, which will increase the number of railways and motorways in the whole region. Especially when addressing the infrastructure, the net of motorways and railways has significantly increased, and their standards are in line with the ones of the EU. Using these strengths will not only bring the Western Balkans closer to the EU, but it will strengthen the economy of all the countries as well.



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DRŽAVNE INVESTICIJE U EKONOMIJU ŽIVOTNE SREDINE NA ZAPADNOM BALKANU

Rezime:

„Zelena ekonomija“ jedna je od ključnih agendi koje vlade širom sveta žele da postanu. Poslednjih nekoliko decenija bilo je kritično za prepoznavanje ovog velikog problema i predstavljalo je važan deo u anuliranju efekata koji su na našoj planeti doneli ljudi, kao i drugi prirodni faktori. Vlade su osmislile više planova za sprovođenje propisa kojima bi se zaštitila životna sredina, a većinu ovih planova predvodili su Ujedinjene nacije (UN) i Evropska unija (EU). Oni su osmislili nekoliko planova koji imaju zadatak da minimiziraju ili eskaliraju efekte globalnog zalaganja do 2050. godine. Ovim planovima obuhvaćene su gotovo sve zemlje sveta, a veličina ovih akcija je povezana sa ekonomijom i održivim razvojem. Region Zapadnog Balkana nedavno je počeo da primenjuje ekološke zakone i pokušava da životnu sredinu učini energetske efikasnošću. Zemlje ZB su takođe postale značajna ekonomska poboljšanja u oblasti životne sredine. Ovaj rad će analizirati napredak zemlje Zapadnog Balkana i način na koji su započeli, implementiraju i šta se planira učiniti za buduća ekonomska ulaganja. Zemlje koje će se analizirati su Albanija, Bosna i Hercegovina, Crna Gora, Severna Makedonija i Srbija. Analize u radu obuhvataju prikazivanje zakonskih propisa i ekonomsku perspektivu planova koje je potrebno sprovesti u ovim zemljama, kao i njihov investicioni potencijal kada je u pitanju zelena ekonomija. Budući da sve zemlje ZB teže da postanu članak EU u budućnosti, ovi rezultati bi se uporedili sa prosečnim rezultatima koje sprovodi zemlje EU. Hipoteza rada je da zemlje Zapadnog Balkana imaju niže prosečne stope od zemlje EU, te da bi se morale fokusirati na stvaranje stabilne pravne perspektive kada su u pitanju ekološki zakoni, kao i na ekološku stabilnost.

Ključne reči:

Zapadni Balkan,
Ekološka ekonomija,
Vlada.