

## GreenFORCE

Foster Research Excellence for Green Transition in the Western Balkans

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## List of Abbreviations

<b>ACT IP</b>	Accelerating Coal Transition Investment Plan
<b>AL</b>	Albania
<b>EC</b>	European Commission
<b>EGD</b>	European Green Deal
<b>EnC</b>	Energy Community
<b>EU</b>	European Union
<b>GAWB</b>	Green Agenda for the Western Balkans
<b>GHG</b>	Greenhouse gas
<b>GT</b>	Green Transition
<b>JGT</b>	Just Green Transition
<b>JT</b>	Just Transition
<b>LSGU</b>	Local self-government unit
<b>MoE</b>	Ministry of Economy, Republic of North Macedonia
<b>MoEPP</b>	Ministry of Environment and Physical Planning, Republic of North Macedonia
<b>NECP</b>	National Energy and Climate Plan
<b>NUTS</b>	Nomenclature of territorial units for statistics
<b>PV</b>	Photovoltaic
<b>RIA</b>	Regulatory Impact Assessment
<b>RNM</b>	Republic of North Macedonia
<b>RES:</b>	Renewable energy sources
<b>SWPR</b>	Southwest planning region
<b>TPP</b>	Thermal power plant
<b>WB</b>	Western Balkans
<b>WP</b>	Work Package

## Executive Summary

This comparative report is the third deliverable of WP4—Measuring and assessing impacts and costs of a just green transition in the Western Balkans (WB) - of the GreenFORCE project. It has been jointly authored by the WB project partners and the EU project partners.

The European Union Economic and Investment Plan for the Western Balkans outlines a comprehensive strategy to support green transition and sustainable development towards a carbon-neutral economy in the region. Such a shift will surely challenge the economies and societies in the WB. The social and policy contexts are yet fragile to allow for the development and mass distribution of green transition technologies. At the same time, human resources are not prepared and/or are insufficient to produce and implement innovation. The research conducted in WP4 will inform the readiness/potential of societal actors (industry, academia, policymakers, civic society) to embrace the pathways to transformation. It will propose a framework for continuous monitoring of impacts and costs. The key findings and lessons learned from WP4 will be transferred into the scientific papers and policy briefs (WP 2 & 3) and published under the dissemination events (WP5).

Specifically, this comparative report focuses on the challenge of transition, which lies, inter alia, in the governance system, actors, and institutions that plan and manage it. The report builds upon the information from tasks 4.1-4.3 and on an in-depth desk review to analyse institutions and systems. The connection of green transition to the spatial planning systems and regional policies in the WB has been particularly interesting. While the WB partners deepened their research, the EU partners provided a comparative view based on their own experience. This task is bi-directionally linked with assessing the impacts/costs of green transition (task 4.3 and deliverable D4.5).



## 1. Introduction

The Western Balkans (WB) region is at a crossroads, facing the urgent need to transition towards a sustainable and green future while grappling with significant governance challenges. This report explores the multifaceted hurdles hindering the region's green transition efforts. It provides a comparative analysis with the European Union (EU) to shed light on best practices and potential solutions.

The green transition is paramount for the WB for several reasons, most importantly:

- *Environmental Sustainability:* The region is highly vulnerable to climate change, with increasing risks of extreme weather events, water scarcity, and biodiversity loss. Embracing green practices is crucial for mitigating these environmental threats and securing a sustainable future.
- *Economic Development:* A green transition can drive economic growth by fostering green industries, creating new jobs, and attracting investments in renewable energy, circular economy, and sustainable infrastructure.
- *EU Integration:* The WB countries aspire to join the EU, and the green transition is a key priority for the bloc. Aligning with EU environmental standards and policies is crucial for successful integration.

However, the WB countries face a complex set of governance challenges that impede their green transition journey:

- *Weak Institutional Capacity:* Existing institutions often lack the capacity, expertise, and resources to effectively plan, implement, and monitor green policies.
- *Fragmented Policies:* Green policies are often fragmented across different sectors and levels of government, leading to inconsistencies and inefficiencies in implementation.
- *Limited Public Participation:* Public participation in decision-making processes related to the green transition remains limited, hindering ownership and buy-in from citizens.

This report delves deeper into these challenges, comprehensively analysing the current WB governance landscape and drawing comparisons with EU experiences. The report aims to identify key areas for improvement and propose practical recommendations to overcome these governance hurdles, paving the way for a successful and inclusive green transition in the WB.

### 1.1. Outline of this deliverable

The comparative report is authored by Co-PLAN and includes the contribution of all GreenFORCE consortium partners.

The report is organized into several key sections, starting with the introduction, which sets the context for the green transition governance challenges in the Western Balkans. *The Methodology* section (1.2) outlines the mixed-methods approach, including qualitative analysis, desk reviews, and case studies. The report then delves into the *Theory Review and Theoretical Framework of the Green Transition Governance* section (2), exploring and delving into the key governance concepts. Subsequent sections (3.1; 3.2; 3.3) provide detailed thematic case studies from Albania, North Macedonia, and Serbia, focusing on their unique governance challenges in green transition efforts. The report also includes a comparative discussion of EU governance models (4), specifically examining cases from Sweden and Italy. The final section (5) offers a synthesis of findings and preliminary recommendations.



## 1.2. Methodology

This comparative report adopts a mixed-methods approach to investigating the governance challenges of green transition in the Western Balkans (WB) while providing a comparative perspective from European countries.

The methodology employs a qualitative discussion on the WB governance challenges drawing on various sources, including a desk review of relevant literature, policy documents, reports, and expert interviews with key stakeholders. And in the same time, it builds on the data analysis processes employed under the GreenFORCE project deliverables: (i) *D4.1 Mapping Report* and (ii) *D4.4. JGT Research case studies in the Western Balkans*. A discussion on specific examples from the EU countries (mainly Sweden and Italy) is then presented, to bring a comparative perspective between WB and other EU countries.

More specifically, the methodology employees as follows:

- (1) **Theory review and theoretical framework of GT Governance**—This step tries to provide a snapshot of existing theories and conceptual frameworks related to key governance concepts to establish a common understanding of the principles, mechanisms, and challenges associated with green transition governance, particularly within the context of the Western Balkans.
- (2) **Desk review/ study** - The desk review involves an in-depth analysis of relevant literature, policy documents, and reports to gain contextual insights into the governance challenges faced by the Western Balkans. This comprehensive study explains the institutional, policy, and socio-economic factors influencing the region's green transition efforts.
- (3) **Empirical/ Case study approach** - Utilizing empirical data from the GreenFORCE project's deliverable of mapping and building on the research cases, this approach includes detailed case studies that highlight specific instances of governance challenges in 3 WB countries (Albania, North Macedonia, Serbia). These case studies offer specific thematic-related examples and evidence-based insights into the complexities of implementing green transition policies in the region. To achieve some level of comparison, 3 main elements are analyzed with a focus on (i) the existing institutional structures, (2) policy and regulatory frameworks, and (3) stakeholder engagement practices related to the green transition in the Western Balkans. To better provide insight, expert interviews<sup>1</sup> with government officials, policymakers, academics, and civil society representatives offer insights into the region's challenges and opportunities for green transition. Additionally, Annex 1 provides a comprehensive overview of the Climate Governance Structures in the Western Balkan Countries by providing insights into the existing situation in all 6 WB.
- (4) **EU Comparative discussion**—This step involves comparing the governance challenges in the Western Balkans with those in selected EU countries, specifically Sweden and Italy. By examining the experiences and best practices of these countries, the report identifies potential preliminary recommendations that could be adapted to the Western Balkan context to enhance the effectiveness of green transition governance.
- (5) **Final discussion and preliminary recommendation notes** - The final discussion synthesizes the findings from the theoretical review, desk study, empirical case studies, and comparative analysis. This section outlines key areas for improvement and proposes practical recommendations to address the governance challenges, facilitating a successful and inclusive green transition.

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<sup>1</sup> Interviews with various quadruple helix actors are conducted as part of the research cases in Albania, North Macedonia and Serbia. All necessary information and data provided from these interviews are integrated in the D4.4 Interim Research Study Report.



## 2. Theory review and theoretical framework of Green Transition Governance

The concept of governance, encompassing the institutions, processes, and actors involved in shaping policy and decision-making, is fundamental to understanding the green transition. A robust body of literature examines the role of multilevel governance in environmental policy, highlighting the interplay between national, regional, and local levels (Patterson, J. et al., 2017). This literature emphasizes the **importance of coordination and collaboration among different actors** to achieve sustainable development goals, including government agencies, civil society organizations, businesses, and citizens. On the other hand, research on EU environmental governance highlights the importance of policy frameworks, regulatory mechanisms, and financial instruments in driving sustainable development (Vargas-Hernández, G, J., 2020) (Farmaki, P. et al., 2021) (Tsonkov, N., 2021). Additionally, the OECD (2013) explored the relationship between regulatory policy and green transition, identifying challenges such as balancing economic and environmental goals and ensuring stakeholder engagement.

The Western Balkans face unique challenges in transitioning to a greener economy. (Vargas-Hernández, G, J., 2020) Existing research explores the region's environmental vulnerabilities, resource depletion, and the need for sustainable development (Farmaki, P. et al., 2021). Studies on the region's governance systems often highlight the challenges of institutional capacity, fragmented policies, and limited public participation, which can hinder the effectiveness of green transition efforts.

In this regard, we identify 4 Key governance concepts relevant to the green transition, which would help us construct the comparative discussion on the Western Balkans in the comparative part:

- (i) **Multi-level Governance:** Multi-level governance is a concept that emphasizes the interdependence and interaction of various governmental and non-governmental actors across different levels of government, from local to international (Hoppe, T. and Miedema, M., 2020) (Leo, C. and Enns, J., 2009) (Armitage, D., 2007). This approach recognizes the fluidity and interconnectedness of the governance landscape, where boundaries between levels are often not rigidly defined (Nunan, F., 2018). At the core of multi-level governance is the idea of decentralization, where authority and resources are distributed among different levels of government rather than being centralized in a single institution (Nunan, F., 2018). This allows for a more flexible and adaptable approach to addressing complex issues that transcend political boundaries, such as environmental challenges, economic development, and public health.
- (ii) **Policy Coherence:** Defined by the degree to which different policies complement rather than contradict each other, policy coherence is crucial for the green transition, which affects multiple sectors. The OECD (2016) emphasizes policy coherence as essential for achieving the Sustainable Development Goals (SDGs). In the context of green transition, ensuring that policies in areas such as energy, transport, agriculture, and urban planning are harmonized can prevent counterproductive outcomes and enhance the overall effectiveness of sustainability efforts.
- (iii) **Stakeholder Engagement:** This refers to the active participation of various stakeholders, including government agencies, civil society organizations, businesses, and local communities. Arnstein (1969) outlines a "Ladder of Citizen Participation," highlighting the importance of citizen engagement in decision-making processes. Effective stakeholder engagement ensures that diverse perspectives are considered, fostering greater public support and ownership of green transition initiatives. It also helps identify and address potential social and economic impacts, thereby enhancing the inclusivity and fairness of the transition.
- (iv) **Regulatory Frameworks:** These are the sets of laws and regulations governing policy implementation. Effective regulatory frameworks ensure compliance with environmental standards and promote sustainable practices (Pattberg & Widerberg, 2016). Robust regulatory frameworks provide clear guidelines and incentives for businesses and individuals to adopt green practices, while also setting penalties for non-compliance. They play a critical role in driving innovation, ensuring accountability, and maintaining the momentum of green transition efforts through consistent and enforceable policies.

Based on this snapshot of theory reviews, the importance of multilevel governance and stakeholder collaboration in the green transition is well-established (Ivănescu, M, I. and Sorlescu, M., 2016). However, regarding the WB context, more research is needed on the specific challenges and enablers of such governance approaches and their





relationship with the EU. In this regard, while the literature highlights the Western Balkans' environmental vulnerabilities and development needs, there is a dearth of in-depth analysis of the region's governance systems and their impact on the green transition. (Farmaki, P. et al., 2021).

As such, the comparative discussion between the Western Balkans and the EU examples (provided in the chapters below) provides valuable insights, but further investigation is still required to understand the nuances of the region's transition process and how it differs from the EU's experience.

### 3. Focusing on WB Green Transition Governance (thematic case studies)

This section presents detailed case studies from specific Western Balkan countries, examining their experiences with implementing green transition policies and highlighting the associated governance challenges. Building on empirical data from the GreenFORCE project's deliverables and incorporating an in-depth analysis of relevant literature, policy documents, and reports, this approach includes case studies that highlight specific instances of governance challenges in Albania, North Macedonia, and Serbia. These case studies offer thematic examples and evidence-based insights into the complexities of implementing green transition policies in the region. To achieve a level of comparison, three main elements are analyzed: (1) existing institutional structures, (2) policy and regulatory frameworks, and (3) stakeholder engagement practices related to the green transition in the Western Balkans.

#### 3.1. **Albania's multi-level governance bottlenecks in implementing Energy Efficiency measures**

Having granted the EU candidate status in June 2014, the EU and Albania only started their accession negotiations in July 2022. To review the progress of EU-Albania relations under the stabilization and association process, representatives from the EU and Albania have been meeting in EU-Albania Stabilisation and Association Council as of March 2023, in which participants discussed the accession strategy, including political, economic, and EU-law criteria for EU membership, and reviewed progress in implementing the stabilization and association agreement (Council, 2024). In this context, to further the accession efforts, the Government of Albania has been extensively working to harmonize its policies and legislation with the EU's regulatory framework.

However, the progress towards harmonization in Albania has been hindered by insufficient administrative preparation and various bottlenecks in the implementation of legislation. These challenges include limited institutional capacity, bureaucratic inefficiencies, and a lack of effective coordination among relevant agencies and stakeholders to push forward the implementation. As stated in the Screening Report for Albania (Commission, 2023), "It is important to continue the dialogue with civil society and other stakeholders, to ensure the support of citizens for the EU accession process. Albania is expected to strategically communicate the benefits and obligations of the accession process to its public".

##### 3.1.1. *Albania's Multi-level Governance Approach for JGT / Energy Efficiency & Decarbonisation Pillar*

Albania's framework for advancing the Just Green Transition commitments taken in the frame of decarbonization is characterized by a comprehensive (sometimes overlapping) organizational structure. It encompasses a broad range of institutional and non-institutional actors engaged in various aspects and tackling different pillars. The multi-level governance approach presented here is structured around identifying existing functional/responsible institutional actors at various levels.

At the national level, GoA is pivotal in shaping policies and regulations that promote sustainable development. This includes setting targets for reducing greenhouse gas emissions, promoting the development of renewable energy sources, and incentivizing environmentally sustainable practices across various sectors, as agreed in the Sophia Declaration. At this level, the following institutions (ministries and agencies) have the responsibility on pushing forward the country's green agendas, especially those related to decarbonization and energy efficiency:



- **Ministry of Infrastructure and Energy (MIE):** The primary body responsible for energy policy, including the development and implementation of strategies for energy efficiency and renewable energy sources.
- **Ministry of Tourism and Environment (MoTE):** plays a crucial role in pushing forward the country's green agendas, particularly in relation to decarbonization.
- **National Agency of Natural Resources (AKBN):** Plays a crucial role in managing and overseeing natural resources, including energy resources, and promoting energy efficiency measures.
- **Energy Regulatory Entity (ERE):** Regulates the energy market, ensuring fair competition and the implementation of energy policies and regulations. Its mission relates to the regulation of generation, transmission, distribution, and electricity supply activities
- **Agency for Energy Efficiency (AEE):** is the public legal entity under the responsibility of the Ministry of Infrastructure and Energy. AEE is responsible for improving and promoting energy efficiency across the entire energy cycle and in all economic sectors and areas of the country. This enables consumers to reduce their energy supply costs and mitigates the negative impact of the energy sector on environmental pollution and climate change. To achieve this, AEE undertakes a series of activities, such as preparing and implementing secondary legislation and establishing minimum energy performance requirements for buildings.

Additionally, in line with global and regional commitments and national priorities, Albania has made progress on climate change mitigation and adaptation. In 2014, the Albanian government established the Inter-Ministerial Working Group on Climate Change (IMWGCC), which coordinates all institutions involved in climate change processes and facilitates integrating climate change into relevant new and existing policies, programs, and activities.

At the sub-national/local level, the 61 Local Government Units of Albania are legally obligated to prepare and implement local plans for energy efficiency and renewable energy. These plans include specific policies and measures to improve energy efficiency across all sectors, considering local needs and potential. Municipal councils are responsible for monitoring and reporting on the implementation of these plans, ensuring that the objectives for reducing energy consumption and increasing the use of renewable resources are achieved effectively and transparently for the community. Nevertheless, few LGUs in Albania have undertaken the process of drafting the Energy Efficiency Plans. At the same time, there's a noted missing structure (no bylaws are yet provided for the content and drafting of plans) and support from the national agencies in this regard.

**In terms of non-institutional actors**, a wide range could be listed here.

- **Non-Governmental Organisations (NGOs)** - Non-Governmental Organizations (NGOs) in Albania are playing a critical role in promoting a just green transition and advancing policies related to decarbonization and energy efficiency. Usually steered by donor-funded projects and research-based initiatives, these organizations often serve as advocates for sustainable development, raising awareness about the importance of reducing greenhouse gas emissions and increasing energy efficiency. Several initiatives in this regard can be noted in educational campaign engagement, community outreach, and capacity-building activities to empower local communities and stakeholders to adopt environmentally friendly practices. Nevertheless, NGOs should further strengthen their role as watchdogs, monitoring government and private sector compliance with environmental regulations and advocating for stronger policy frameworks.
- **Donors and Donor Funded Initiatives/projects** have been pivotal in supporting Albania's efforts towards a just green transition. International donors (such as GIZ, SIDA, ADA, UNDP, etc.) have provided essential funding and technical assistance for projects that aim to reduce carbon emissions and enhance energy efficiency across various sectors. These initiatives have often focused on capacity building, supporting the development of local expertise and institutions to manage and implement sustainable energy projects. Only recently, through donor-funded projects, innovative practices have been piloted (especially in the circular economy domain), demonstrating their viability and scalability in the Albanian context. With a better alignment of their support with national strategies and priorities and CSO and community engagement efforts, donors could help to create an enabling environment for sustainable development and ensure that financial resources are effectively utilized to achieve long-term environmental and social benefits.



- **International Financing Institutions**, such as EBRD, focus on supporting and strengthening energy diversification and low-carbon transition. In this regard, the EBRD will support the creation of a more diversified energy mix with reduced vulnerability to climate change and reinforced networks for domestic and regional connectivity. In this regard, for the last 5 years, EBRD has been (i) financing new renewable energy projects to help diversify Albania's energy sources and increase the supply of green power; (ii) supporting the development of solar and wind tenders, including advising on technical and regulatory aspects, to unlock further private investment and increase renewable capacity; (iii) enhancing the climate resilience of Albania's energy sector, both through supporting and investing in alternative sources of renewable energy, as well as enhancing the climate resiliency of existing energy operators; (iv) providing finance for the construction of small hydropower plants. (The EBRD in Albania, Result Snapshot, 2023)
- **Bank Sector/Second-level Banks in Albania** are increasingly recognizing their role in supporting the country's green transition and the implementation of decarbonization and energy efficiency policies. These financial institutions are starting to incorporate environmental, social, and governance (ESG) criteria into their lending practices, offering green loans and financing options for sustainable projects. By providing favorable terms for energy efficiency improvements, renewable energy installations, and other environmentally friendly initiatives, banks have started to stimulate investment in the green economy.

### 3.1.2. Policy Coherence and the need for coordinated efforts towards JGT regulatory framework

In July 2019, Albania approved a National Climate Change Strategy and corresponding national mitigation and adaptation plans. The country has implemented several mitigation and adaptation projects and studies. There is currently a law "on climate change" which acts as the UNFCCC implementation law in Albania and covers requirements under the EU Emissions Trading System (ETS) Directive. This law requires all relevant ministries to mainstream climate change mitigation and adaptation issues into their legislation. The draft Decision of the Council of Ministers (DCM) "On monitoring and reporting GHG emissions and other information relevant to climate change at the national level" establishes a mechanism for monitoring and reporting GHGs and other climate change information at the national level.

There are still areas of national environmental policy that need to be implemented effectively. Albania does not have an umbrella policy framework for environmental protection; the recent Environmental Impact Assessment Directive is not always fully enforced, and the national strategy for air quality has yet to be adopted. There is also a need to adopt a climate policy consistent with the EU 2030 framework (Albania's First Biennial Update Report, 2021).

The general overview of the GT-related policies in Albania suggests that some progress has been attained in implementing the Sofia Declaration. However, considerable effort is still needed to draft laws and bylaws based on research evidence to facilitate the transition to carbon neutrality. In the framework of this mapping process, 35 policies were identified, divided almost equally between national laws and strategies and/or plans. Most of these policies are implemented by the Ministry of Tourism and Environment or the Ministry of Energy and Infrastructure at a national territorial level. For instance, the legal framework for energy efficiency consists of Law No. 124/2015, "On Energy Efficiency" (amended by Law No. 5/2019, dated February 7, 2019, and No. 28/2021, dated March 8, 2021), Law No. 24/2023 "On Promoting the Use of Energy from Renewable Sources" (partially aligned with Directive (EU) 2018/2001 of the European Parliament and the Council, dated December 11, 2018, "On the promotion of the use of energy from renewable sources," as amended), among others.

Nevertheless, only around 1/3 of the mapped policies are implemented at the territorial level, either on a municipal level or at an integrated territorial level. For example, Law No. 124/2015, "On Energy Efficiency," specifies the obligation of municipalities and municipal councils in Article 9/1: Municipalities are required to prepare local action plans for energy efficiency, basing them on the National Energy Efficiency Action Plan and the Integrated Energy and Climate Plan. These plans include policies and measures for improving energy efficiency across all local sectors, including current energy consumption. Before their approval by the municipal council, the draft plans are consulted with the ministry and the energy agency, as well as representatives from interest groups and civil society, to assess their compliance with national policies and energy efficiency objectives.



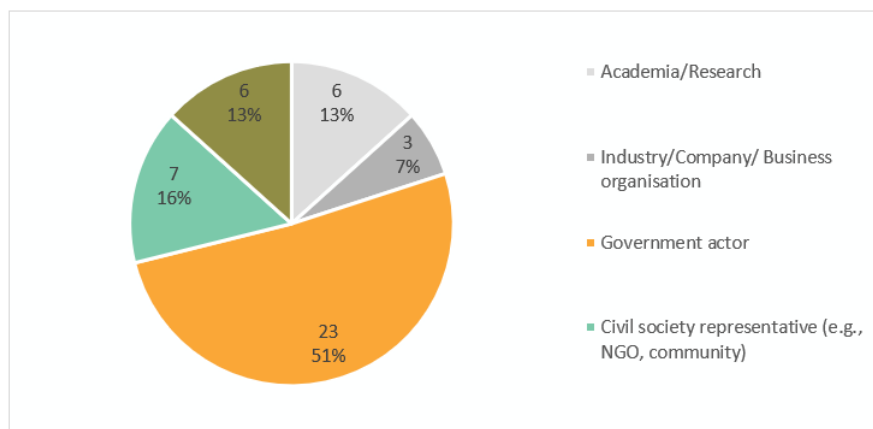
Provided the snapshot above, the current state of policy coherence in Albania reveals significant challenges that need to be addressed to advance a just green transition (JGT). While some policies are implemented at the national level, the effective translation and enforcement of these policies at the municipal and integrated territorial levels remain limited. The requirement for all relevant ministries to mainstream climate change mitigation and adaptation into their legislation underscores the need for coordinated efforts. To address these challenges, significant mobilization is required to draft and implement laws based on robust research evidence to achieve carbon neutrality. Additionally, it is essential to enhance inter-ministerial coordination, ensure consistent policy implementation at all governance levels, and foster collaboration with non-institutional actors to create a coherent and effective regulatory framework for a just green transition, all whilst embracing a robust stakeholder participation approach.

### 3.1.3. Limited stakeholder participation

Stakeholder participation and citizen engagement are among the fundamentals of JGT country efforts. The European Green Deal (EUGD) emphasizes that ‘citizens are and should remain a driving force of the transition to sustainability’ and that the conditions for empowering citizens and building effective forms of public participation need to be created. Its Governance of Transitions Toolkit of the EU (EC,2020a & EC,2020b) provides guidelines for the design of governance structures and stakeholder engagement processes. It defines the concept of “good” governance based on six core principles: transparency, participation, rule of law, equity and inclusiveness, efficiency, and accountability.

The JGT practices and discussions so far argue on the necessity of stakeholder engagement, emphasizing that insufficient engagement can lead to increased uncertainty, rejection of outcomes, and loss of confidence, all of which are associated with the inefficient use of resources. In this regard, 3 main levels for increasing stakeholder engagement can be noted: (i) information, (ii) consultation; (iii) cooperation; when it comes to analyzing stakeholder engagement in JGT policies in the energy efficiency and decarbonization processes in Albania, few achievements can be noted. Following the findings from our D4.2 Report on Mapping JGT in WB, in Albania, in the context of the Just Green Transition, were mapped in total of 45 actors, representing all quadruple helix stakeholders. The majority of them belong to the Government category (51%), which is responsible for steering the process of the JGT, according to the engagement adhered to in the Sophia Declaration. The other categories of actors mapped only consist of 7 – 16% of the total number of actors. Most are orientated towards the decarbonization pillar of green transition, focusing on energy transition and climate change mitigation.

Figure 1. Mapped actors related to JGT in Albania, categorised as per quadruple helix categories



Source: Mapping Dataset, Co-PLAN 2022

Generally speaking, the most influential actors in the context of green transition are the governmental actors, consisting of international actors that operate in Albania, national actors like ministries and national agencies, and



local actors consisting of municipalities that have taken a few steps toward green transition commitments. The other actors have mostly a medium to low influence in the region. Academia actors have a consistent influence in the region, thanks to their lifelong reputation as educational institutions and experience in research activities. Civil society actors, despite their active work in the region, are not seen as highly influential actors in the country. Still, their experience in various activities might be relevant for the research on green transition. Industry, on the other hand, has a low rate of influence since they are usually small or unknown enterprises, but they are strong promoters of renewable energy and sustainable business models.

Regarding the potential contribution and engagement of the mapped actors in the research proposal, the government actors are important in the role of support by legitimizing the research and in the process of raising awareness among the general public about the Just Green Transition. In this context, the Municipality of Tirana might be a strong asset. However, also new agencies like the Agency for Energy Efficiency can prove to be important since they still need to assert their position in the arena of actors, taking into account the fact that they do not have active projects in their portfolio. Research-oriented actors, like NGOs and universities, might offer essential insights into the co-design process, especially those with experience in o-net buildings, clean energy research, monitoring systems, etc. The industry could offer some relevant indicators regarding practical matters, like market values, sales for solar panels or other means of alternative energy sources through the years, challenges, and opportunities for the future.

In conclusion, public participation can unleash creativity, generate knowledge, mobilize different stakeholders' visions and initiatives, and further provide means for environmental and social concerns and conflicts to be expressed and debated, even if not necessarily resolved.

### 3.2. **North Macedonia: Weak institutional capacity and fragmented policies**

North Macedonia, as an EU candidate country, has been employing considerable efforts to harmonize its policies, administrative structures, and legislation with the EU's regulatory framework in pursuit of membership. However, the progress towards harmonization has been hindered by inadequate administrative preparation and bottlenecks in implementing the legislation within the Macedonian context.

A notable example of this challenge is the limited implementation of regulatory impact assessments (RIAs) in the process of legislative preparation and adoption. Despite the importance of RIA, as a crucial tool for assessing the potential effects of legislation, only six out of fifteen ministries had prepared and published annual reports on their plans for implementing RIA in 2017. This trend has not shown significant improvement over time, reflecting weak institutional capacity and fragmented policies (Crvenkovska & Kocevski, 2018). The outcome is a situation where legislative harmonization is achieved through Parliament adopted legislation, but the quality of implementation remains lacking. This *highlights the need for more effective institutional capacity building, policy coordination, and administrative preparedness to ensure successful implementation of EU harmonized legislation in North Macedonia.*

When it comes to the WB6's commitment to achieve the carbon neutrality by 2050 and the GAWB (RCC, 2012), RNM is facing with the same socio-economic challenges, among which the effects of the shift and transformation from fossil fuel to clean energy forms. The impacts are expected to have significant economic and social turmoil, especially concentrated directly on the coal dependant regions which are feeding the electricity production, and then on the effects that are to be transmitted throughout and along the supply chains and the overall economy, reflected both in costs and benefits for the society as a whole.

The country has set ambitious targets for reducing greenhouse gas emissions, emphasizing advancements in the energy sector<sup>2</sup>. Meeting these goals will require substantial reductions in emissions across all economic sectors, particularly focusing on the energy industry. Following the European Green Deal (EGD) and as a contracting Party of the Energy Community (EnC, 2006), North Macedonia has committed to working towards achieving climate neutrality by 2050 while also matching the current per capita GDP levels of some neighboring EU countries (MoE, 2019, Energy Development strategy). In 2021, the country pledged to reduce GHG emissions by more than 50 percent compared to 1990 levels by 2030. Progress in reducing GHG emissions and air pollution has been limited.

<sup>2</sup> In 2021 the country pledged to decrease GHG emissions by more than 50 percent by 2030 (compared to the 1990 levels).



However, private investments in RES have been accelerated, particularly in photovoltaics (PVs)<sup>3</sup>. This last development is in line with the decarbonization strategy efforts for increased RES share and the overall Enhanced National Determined Contributions (MoEPP, 2021a; MoEPP, 2021b) objectives outlined in the energy and climate strategies (MoEPP, 2021c).

The national and sectorial strategic documents provide direction for decarbonization efforts in the energy sector (MoE, 2019) to create an integrated internal energy market that is more efficient, environmentally friendly, and competitive in supporting economic growth. Likewise, the country's climate policy and strategic documents (MoEPP, 2021c) outline the commitments to mitigation and adaptation. These decarbonization plans hinge on the expansion of RES (mainly hydropower plants and PVs), to reach 38% of gross energy consumption from RES by 2030 and the goal for RES in the electricity sector production to reach 66% by 2030. Nevertheless, the investment needs to achieve these targets are large, with an ambitious investment agenda.

It is undoubtedly that the success of decarbonization via coal phasing-out (as well as other climate adaptation endeavours) by large will be determined by the local adaptive capacity. The complex interplay between the adaptive capacity and the 'place' calls for inclusive, unequivocally all-social efforts and engagement. Thus, the more mindful is the approach in which 'places' shape the collective understanding of just transition, the better it will be for effective actions to be taken. The transition design or conceptualization of the overall green transitions, based on specific place-based aspects, is still lacking in the country. The advancement on a policy level, yet considerably determined by the top-down central level, can be noted in the national document Just transition roadmap (MoE, 2023b) and the Investment plan for accelerated coal transition (MoE, 2023a), which envisage the closure of the plant as most viable option coupled with intentions for replacement of energy with PV RES.

### 3.2.1. *Macedonian Governance Mechanism for Just Transition*

North Macedonia's framework for just transition is characterized by a comprehensive organizational and governance structure, encompassing a broad range of government agencies and ministries that are engaged in various aspects of green transition and sustainability. The organizational framework is structured around functional and responsibility-based divisions, with each level playing a distinct role in facilitating the transition towards sustainable and equitable development.

At the national level, the government assumes a central role in shaping the policies and the regulations that promote sustainable and just development. This involves establishing targets for reducing greenhouse gas emissions, fostering the development of renewable energy sources, and incentivizing environmentally sustainable practices across various sectors. Building on this foundation, agencies at the second tier are responsible for implementing standards, policies, and best practices, thereby ensuring the efficient use of the natural resources.

At the third tier, state inspectorates and state advisors play a critical role in ensuring compliance with regulations and standards. Finally, and the fourth level the local governments and the municipal entities and enterprises, contribute to the green transition through a variety of initiatives and programs at the fourth tier. These local actors play an important role in contributing to green transition and sustainable development through a variety of initiatives and programs thereby aiming at enhancing the overall effectiveness of North Macedonia's just transition framework.

The RNM's strategic framework and policy discourse on green transition primarily focus on decarbonization, with a specific emphasis on phasing-out coal and transitioning RES. While this shift presents both opportunities and challenges, achieving its potential economic and social benefits requires a holistic, inclusive approach that leverages territorial and place-based potentials.

The current governance structure (in-development) aiming at just green transition in RNM is perceived as top-down, lacking a place-based and bottom-up approach, and is primarily driven by external initiatives and support from international organizations. To foster acceptance of coal phase-out policies, it is essential to address the needs

<sup>3</sup> According to ERC statements, during 2022 and 2023, 551 MW newly installed and operational RES PV capacity are added (399 MW in 2023, 152 MW in 2022).



of affected groups. Moreover, integrating just transition measures into coal phase-out strategies through robust interactions between central and local authorities, as well as broad stakeholder engagement and inclusion, is crucial for enhancing the legitimacy and feasibility of the transition process. The perception of a top-down and non-inclusive approach to just transition (JT) governance is generally shared by the local governments, civil society organizations in the two most affected regions. While the JT governance structure theoretically envisions a place-based approach through regional forums in Pelagonia and Southwest regions, this vision has not been fully realized. The regional forums aim to link and adjust state, regional policies, and actions to achieve a sustainable JT, while involving a broader range of participants. However, local government representatives and civil society organizations perceive that their input was not sought during the design phase, leaving central governments to dominate and dictate the policy-making. This perception is echoed by the CSOs, which have actively advocated for inclusive coal phase-out policies, also when it comes to the closure of the thermal power plant Oslomej in Kicevo.

North Macedonia's efforts to implement EU standards require significant capacity building, knowledge transfer, and funding, which are not always readily available domestically. While the country has made significant progress in implementing various policies and programs, there is still much work to be done to address the challenges of climate change and environmental degradation (MoEPP, 2020). Challenges are identified in engaging expertise, lack of sufficient resources and better coordination among stakeholders and levels of government. Thus, detecting a weak intuitional capacity in the country.

For instance, the coordination between the central and local government in North Macedonia is hindered by a lack of satisfactory decentralization, particularly in the areas of environment and energy. The eight NUTS-3 regions in RNM serve primarily as statistical planning units, rather than as autonomous entities with decision-making authority. This centralized governance structure prevents local communities and municipalities from exercising place-based decision-making, as decision-making authority remains concentrated at the central government level because "the decision making is based somewhere distant at the central government". Consequently, achieving better coordination is a significant challenge in this de facto centralized system.

When energy production is in question from a decarbonization aspect it is imperative to note that fossil fuels play a significant role in RNM's energy mix, whereby electricity generation is being the primary contributor to the country's greenhouse gas emissions. The domestic energy production in RNM indicates decreased production and increased import dependency<sup>4</sup> while more recently, there are indications of gradual dependency decrease on coal-based production, nevertheless the contribution of the coal-fired thermal power plants (TPP) is still contributing to around 70% of the domestic production (ERC, 2023).

The electricity production by the coal-fuelled TPP Oslomej, situated in the Southwest Planning Region (SWPR), contributes less than 5% of the total domestic electricity production (ERC, 2023)<sup>5</sup> which should make the retirement relatively easy without posing significant disturbances to the energy security. At the same time, RES contributes to around 29% of the energy production predominantly from hydropower (25% hydropower and 4% from solar, wind, and bio sources cumulatively). Coal's heavy use in energy production, widespread reliance on wood and coal for heating, and elevated pollution levels from transportation all play a part in air quality problems and total emissions. Electricity production accounts for approximately 60% of total greenhouse gas emissions, while the transport, heating, and agricultural sectors contribute around 10% (MoEPP, 2023). In addition, North Macedonia has an aging and outdated energy generation infrastructure that heavily relies on fossil fuels. This poses a significant challenge but also opens up potentials for improved energy efficiency and security.

It is essential for the design and the implementation of the measures to be tailored to the specific requirements and challenges of the region. The SW planning region is an economically lagging region with locally significant influence of the thermal power plant. There is a need for the initiatives to be meticulously tailored with a profound comprehension of the distinctive socio-economic traits of the local community and its capacity for fostering sustainable green development in a timely manner. Otherwise, the effects may be detrimental not only to the local economy but to the social structure leading to further economic disparities and drive migration in the region.

<sup>4</sup> The production of electricity by the state owned JSC ESM in 2021 compared to 2010 has decreased by 50%.

<sup>5</sup> Production contribution for Y2022, which has drastically increased in 2021 and 2022, after gradual decrease starting from 2012 to 2020; local coal reserves have been depleted and the increased production is fueled by externally procured (imported) coal. Energy and water services regulatory commission of RNM (ERC, Annual reports, 2023)



### 3.2.2. *Lack or No Participation Decreases the Credibility of the Policies*

The Governance of Transitions Toolkit of the EU (EC,2020a & EC,2020b) provides guidelines for designing governance structures and stakeholder engagement processes for coal regions in transition. It addresses the design of governance models, the part of stakeholder engagement and partnership, the role of social dialogue, and the role of civil society. It also defines the concept of “good” governance based on six core principles: transparency, participation, rule of law, equity and inclusiveness, efficiency, and accountability.

The toolkit also highlights the risks arising from insufficient stakeholder engagement, such as increased uncertainty, rejection of outcome, loss of confidence – also associated with the inefficient use of resources, as well as the development of resistance related to ethical issues, such as the lack of participation in decision-making. Furthermore, it puts forward three levels of increasing stakeholder engagement: information, consultation, and cooperation.

The local authority, the most affected municipality – Kichevo, perceives that their engagement in the design phase of the national governance structure has been limited. They have not been sufficiently involved, and therefore, they consider the governance structure as imposed. Furthermore, given the overall national governance context and structure, they also see themselves on the outskirts due to not being powerful enough to have an effect on the national policy design. The major concern for the local economy is that if it is not appropriately supported, there is an anticipation of a worst-case scenario that will further aggravate and induce outmigration of the labor force, negatively affecting the demographic and socio-economic structure of the region.

Effective stakeholder engagement and participation, including public participation, are critical to ensuring that policies reflect the needs and aspirations of the larger population and are implemented effectively. Without effective engagement and participation, policies may fail to achieve their intended outcomes and may be perceived as unjust by the general public. As we saw in Oslomej, limited circulation of information and lack of awareness and understanding about the importance of the green transition and the role they can play in it can lead to low levels of public trust and engagement, resulting in a lack of support for the transition to a more sustainable future.

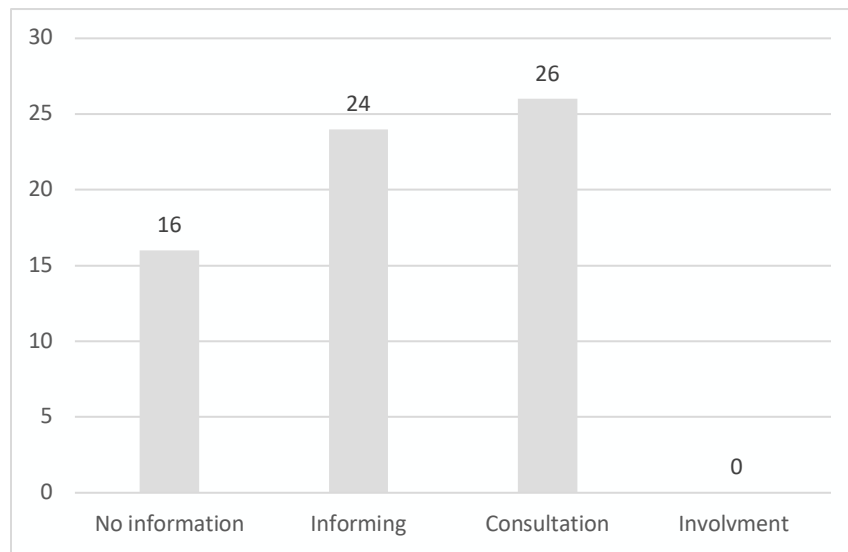
We tested the six core principles of the EU governance of transition toolkit for North Macedonia: transparency, participation, rule of law, equity and inclusiveness, efficiency, and accountability. We found that for the sample of the selected experts to whom we sent the questionnaire, they found lower than the average degree of satisfaction for implementing these principles in North Macedonia for the just transition in the case of TPP Oslomej. Namely, all the obtained mean scores are less than the average for the core principles, with the lowest scores recorded in the principles of transparency and participation.

Even more, the selected sample of experts assessed four levels of participation organized by the government: 1. No information (no information shared); 2. Information (one way informing the stakeholders); 3. Consultation (collecting feedback from stakeholders); and 4. Collaboration (two-way interaction that involves partnering with stakeholders), reflecting a gradual escalation in the dynamics of partnerships. The results are presented in the next Figure (CEA 2024, forthcoming).





Figure 2. Distribution of responses on level of participation in just transition - case of TPP Oslomej



Source: Interviews undertaken with key stakeholders, CEA 2023

The results shown in the Figure above clearly imply that there is no involvement as a level of participation, e.g., not one of the experts was involved in a two-way interaction that involves partnering with the government on the just transition even though the respondents are experts in the field. On the other hand, 40% of the respondents were involved in a consultation process meaning the government took a stock of feedback from the respondents. Notably, these respondents are recognized experts and established professionals in their field. The implications of this finding are that while there is some degree of engagement with stakeholders at the level of information sharing and feedback provision, there is a lack of genuine partnership and collaboration between government and stakeholders in the just transition process.

It is important to note that providing for more participation will work on less exclusion at the local level and will work on more initiatives for monitoring the process at the local level (certainly something to improve, supported also by the findings from the mapping exercise in North Macedonia within this project). Discouraging active participation in the decision-making reduces the feeling of confidence and challenges the level of engagement and ultimately questions the credibility of the policy solutions. Underdeveloped or ineffective engagement leaves citizens with a feeling that they are excluded from the decision-making processes that directly impact their lives. Weak civic engagement and a lack of participation hinder citizens' and stakeholders' ability to contribute to the design and implementation of green policies

### 3.2.3. Policy and Governance Assessment

**North Macedonia has advanced policy and strategic framework, as well as a well-defined governance structure, and is evaluated by the EC (EC Country Progress Reports) as a country with some level of preparation for the environment and climate change.** However, the country needs to accelerate the implementation of the Green Agenda and the economic and investment plan, including the just transition process. To achieve this, the country must also enhance its governance and institutional capacities for policy implementation, specifically by strengthening coordination among stakeholders, which has been identified as a critical gap. Furthermore, it is essential to ensure that the necessary resources are allocated to support the effective implementation of these initiatives, and that there is a culture of transparency, accountability, and inclusivity within the government and across all levels of society.

**North Macedonia needs to make decarbonisation a policy priority, with development of a strategy for feasible coal phase-out, properly designed and integrated in line with different horizontal policies.** Energy and climate



policies have been adopted by the array of different strategic documents including: Energy Strategy (2020-2040); RNM's NECP (2022, and under revision with flexibility for decommissioning timeline), however implementation has been evaluated as slow with the expectations for the NECP to provide clarity on TPPs' decommissioning deadlines); RNM has not yet defined and kept a 'date' for coal phase out (coal electricity generation have increased recently due to rising energy price); climate neutrality objective has not been backed up by legal basis and still there is no national adaptation strategy and enacted climate law; Just Transition Roadmap -adopted 2023 (MoE,2023b), and Accelerated Coal Transition Investment Plan (ACT IP) introduced 2024((MoE,2023a)

**While the proposed institutional framework for the Just Transition (JT) is envisioned as a hybrid model comprising a diverse range of ministries and stakeholders, its centralized approach has been perceived as lacking sufficient inclusivity and representation of local voices.** To address this, the regional working groups, comprised of local stakeholders, are expected to play a crucial role in bridging the gap between national and regional policies, as well as adapting state and regional actions to the unique characteristics and needs of the two affected regions. However, in order to ensure the effective functioning of these governance structures at the SWPR level, there is an urgent need to establish operational mechanisms, provide technical support, and allocate necessary financial resources, which are currently lacking.

**There is currently a lack of comprehensive consensus among all societal segments, particularly at lower government tiers and weak participation and civic engagement.** Implementing a place-based just transition plan for phasing out coal is imperative for addressing this gap. Effective and timely implementation of such a plan is essential in achieving its objectives. More civic engagement e.g., participation to the to the design and implementation of green policies increases credibility of government policies.

**Specifically, for the TPP Oslomej, it is essential for the design and the implementation of the measures to be tailored to the specific requirements and challenges of a given territory, considering that SWPR has high unemployment, and long-term unemployment rates, inactivity activity.** These initiatives must be meticulously tailored with a profound comprehension of the locale's distinctive socio-economic traits and its society's capacity to foster sustainable green development. More concretely, the design and operationalization of labour market assistance programs and social safety nets programs designed for the microregion where TPP Oslomej is located must be targeted so that there are appropriate direct and indirectly affected labour. It is crucial to bridge the existing consensus gap among all societal segments, particularly at lower government tiers (LSGU Kichevo), through stakeholder engagement and participatory processes. To achieve this, a place-based just transition plan for phasing out coal must be developed and implemented in a timely and effective manner, which can potentially facilitate the achievement of its objectives.

### 3.3. **Serbia's governance challenge related to mobility and green transport initiatives**

Sustainable urban mobility refers to a transport strategy that minimizes negative environmental effects, economic inefficiency and social inequality. The most important negative environmental effects of city traffic at the local and regional level are local air pollution, noise pollution, traffic congestion and traffic accidents, and confiscation of city land. At the global level, these are energy consumption and GHG gas emissions. Mobility itself depends on the spatial arrangement of activities in the city - as the spatial-physical structure of the city changes, so does the traffic demand. There is a significantly higher energy efficiency of public transport compared to private cars. Private vehicles consume on average 2-3 MJ/pkm, diesel buses nearly 1 MJ/pkm while light rail systems consume only 0.3 MJ/pkm (Schafer and Victor, 1999). These drastic differences in energy consumption also result in significantly lower CO<sub>2</sub> emissions per passenger kilometer traveled by public transport. While cars produce between 124.2g and 130.9g (depending on whether they use oil or gasoline), buses emit 89.1g and rail systems only 60.2g of CO<sub>2</sub> per passenger kilometer (Santos, Behrendt and Teytelboym, 2010). Reducing the negative effects of city traffic can be achieved by applying various measures from the domain of urban planning and land use as well as traffic policy. For the effectiveness of measures to be fully manifested, the timing of their implementation is extremely important. Therefore, it is not only necessary to implement all groups of measures together, but the coordination of traffic strategy and spatial development must reach a very high level. The essence of all mentioned policies aimed at



sustainable urban development and sustainable urban mobility is perhaps best described by Banister (Banister, 2008) when he points out that a complete change of approach in transport planning is necessary - from physical dimensions - to social ones, from a mobility paradigm - to an accessibility paradigm, from motorized - to all types of urban transport, from the segregation of people and transport - to their integration

The urban system of Kragujevac, medium-sized town in the Republic of Serbia, as well as the cities of a similar size, is heavily burdened by intense traffic and frequent traffic jams, which result in increased travel time to a certain destination, higher fuel consumption, significant air and soil pollution, as well as dissatisfaction of citizens and other transport consumers. Special problems occur in the central areas of the city, which suffer from special pressure and additional load. Public transport, which is reduced to the use of conventional buses and taxis, faces similar problems, multiplied by an insufficiently dispersed urban matrix, narrow and impassable streets, the absence of yellow lanes on all routes, etc. The area that was the subject of the research is rectangular in shape, with an area of 154 ha, and includes mainly commercial and residential content, along with many public buildings, a pedestrian zone, a part of greenery and protected cultural content. That's why it is attractive to many users who do business or live there. Accessibility to this zone is ensured, apart from individual vehicles, through 45 lines of city traffic, which bring a large percentage of consumers of about 30,000 users of public transport per day. A pronounced concentration is especially present on border traffic dominants (Nikole Pašića Street and others). Kragujevac average inhabitants' mobility, determined by the household survey, amounts to 2.21 trips per day, which if applied to the number of the population of Kragujevac (about 152,400), results in 336,750-day trips. The network of system lines of the public urban and suburban passenger transport in the city of Kragujevac consists of 35 network lines with a total operational length of 641.66km. Looking at the subsystems, the city network consists of 23 lines with a total operational length of 301.38km. The suburban subsystem has a network of 12 lines with an operational length of 340.28 km. The first departures in public city and suburban transport start at 03:50 AM, and the last departure is at 11:15 PM. Peak periods are from 05:00 to 08:00 AM, 12:30 to 4:00 PM, and 6:00 to 8:00 PM. During these times, the highest number of departures occur. Public city and suburban transport in Kragujevac operate with 65 vehicles in service, including 31 diesel-powered and 34 CNG-powered vehicles. Approximately 40% of the total daily mileage covered by diesel vehicles is within the central zone, totalling around 3,400 km per working day. In the entire central zone, there are approximately 4,000 marked parking spaces, which represents potentially sufficient space for stationary traffic. Although most spaces are nearly permanently occupied by residential parking, the low parking fees and the presence of parking lots in the city center itself further motivate increased traffic into this zone.

Strictly speaking, for the central zone of the city of Kragujevac (defined area, around 1.200ha), there are no precise measurements of noise pollution, air pollution levels during peak hours, etc., but they are more pronounced than in other areas. The same applies to the counting of total traffic. In the broader urban area of Kragujevac, approximately 146,000 residents live, marking a decrease of about 7.5% compared to the previous census year (2011). However, it is expected that due to ongoing migratory movements, especially from rural to urban areas, this negative trend will stabilize. Kragujevac, as the economic center of the region and even the Republic, with a significant car industry and complementary industrial base (FIAT), an established economic zone for high-tech industries and science (MIND park) and completed transportation links with Serbia's major development corridors (European Corridor X), anticipates in the city's planning documents that the population will increase by 10% by 2030. As this is predominantly a commercial, administrative and residential zone, overall traffic (both public and private) is at an extremely high level. During certain peak hours, congestion is significant, travel times are extended, and pollution levels increase. Consequently, this reduces the quality of life and work in the area, potentially leading to an increase in respiratory and other illnesses and necessitating high costs for remediation of such situations.

### 3.3.1. Multi-Level Governance Challenges related to PCT transformation

The PCT transformation in Kragujevac involves governance at multiple levels: On the national Level, Serbia has committed to the European Green Deal and the Green Agenda for the Western Balkans, initiating policies for decarbonization and sustainable development. Key national policies include: Law on Climate Change, integrated National Climate and Energy Plan, Laws on energy efficiency, waste management, and environmental protection. On local level, regarding the strategic framework and green transition policies, Kragujevac has adopted numerous



documents that are aligned with national strategies and EU directives: City of Kragujevac Traffic Development Strategy 2012-2022, Traffic Study for the General Plan of the City of Kragujevac 2025, Traffic infrastructure analyses for the General Plan of the City of Kragujevac 2025, Public City and Intercity transport in the City of Kragujevac – research study etc. The main problem in Kragujevac is that most of these documents have expired or their validity period will expire soon. The preparation and adoption of new policies, for which there is a desire in the local self-government (for some of them the initiative has already been launched), represents an excellent opportunity to incorporate the JGT principles into them and thus create a model/example for other local governments in Serbia. The challenges of strategic policy and regulation in the field of urban mobility in Kragujevac require a holistic approach that includes coordination among different levels of government, strengthening of institutional capacities, and active involvement of citizens.

### 3.3.2. *Evaluating Policy Coherence and the regulatory framework in Serbia*

Policy coherence is vital for the Bus Transformation Project's success, requiring alignment of various policies across different sectors and government levels. The national policies on decarbonization, energy efficiency, and environmental protection must harmonize with local urban development plans and transport strategies. The strategy to integrate conventional buses with improved performance outside the central area and introduce electric buses within the city center exemplifies policy coherence. This approach addresses urban mobility while aligning with environmental and energy efficiency goals. Supporting policies such as parking controls, road pricing, and incentives for public transport use are essential for a seamless transition.

In general terms, Serbia has strategies and plans for the green transition, but they are not sufficiently coordinated and mutually integrated. In this sense, better integration of different policies and plans at the national and local level is needed. The European Commission's reports on Serbia's progress often emphasize the need to speed up the implementation of policies in the field of environmental protection and climate change, pointing to challenges in effective implementation. The political landscape of urban mobility is gradually shifting towards sustainability, driven by national strategies, local initiatives and international support. Although significant progress has been made, continued efforts are needed to address financial, regulatory and social challenges to achieve a comprehensive and efficient urban mobility system. There is a need in the country, to strengthen institutional capacities and better coordination between different levels of administration and sectors. The lack of an integrated approach hinders the effective implementation of policies. Strengthening the capacity of institutions involved in the implementation of the green transition is crucial, including the training of personnel and the provision of adequate resources.

The regulatory framework supporting the Bus Transformation Project is robust, encompassing national, regional, and local regulations. At the national level, Serbia's adoption of laws on climate change, energy efficiency, and waste management provides a strong foundation for the project. These laws are complemented by local policies such as the Traffic Development Strategy and the General Urban Plan of Kragujevac. Successful implementation depends on: Traffic controls, Parking regulations, Incentives for electric vehicle use. Consistent enforcement of these regulations is crucial, and local authorities play a key role in monitoring and enforcing them to achieve the desired outcomes. At the same time, there are some regulatory barriers in a sense that the existing laws and regulations need to be updated to support new mobility solutions and new technologies. This includes the introduction of stricter emission standards, incentives for electric vehicles, the integration of green infrastructure into urban plans and the introduction of environmental criteria into public procurement. In terms of amending regulations, it is important to improve coordination between different levels of government and involve citizens in the decision-making process. Raising awareness and increasing public acceptance are key aspects of successful implementation of measures for sustainable urban mobility in Kragujevac. Through educational campaigns, inclusive planning, incentives, infrastructure improvement, promotion of examples of good practice and continuous monitoring, the city in perspective can achieve significant progress in transforming its mobility in a sustainable and efficient way.

In general, the implementation of the Green Agenda is delayed due to various challenges, including the lack of financial resources, political will and coordination, so accelerating the implementation is necessary to achieve the



goals of the green transition. The concept of a just transition is at an early stage of development and more efforts are needed to ensure that the transition is inclusive and fair for all citizens. Serbia receives support from the EU, but it is necessary to make better use of the available funds and increase the capacity to absorb them. On the other hand, reliance on EU funds and international financial institutions can create possible dependencies and uncertainties in project implementation. Therefore, it is necessary to create more favorable conditions for attracting private investments and developing public-private partnerships. Continuous monitoring and transparent reporting are key to monitoring progress and adjusting strategies as needed.

One of the main challenges is certainly depopulation, as well as the overall population ageing, which can significantly slow down the quality of the GT process in Serbia. When compared with the 2011 Census, the total population fell by 495,975, i.e. by 6.9%. All regions have lost population except for Belgrade where the population grew by 1.6%, according to the website of the Statistical Office of the Republic of Serbia. Implementation of the numerous initiatives related to GT is strongly connected to the high educated and well-trained professionals and experts, and lack of human resources can slow down or even jeopardize the overall process. With almost 20 state-owned and private universities, more than 70 scientific and research institutes, Academy of Sciences, several science and technology parks etc., Serbia has a large potential to support implementation of the GT scientifically. These institutions, with significant number of scientists, students and researchers following the contemporary trends in science and research and represents excellent foundation for know-how transfer as well as for production of new knowledge.

Based on the Declaration of the Chamber of Commerce and Industry of Serbia "Trained personnel, as expected, will be most sought after in the fields of renewable energy sources, as well as circular economy and "green" and sustainable business. It will be necessary to boost the development of new educational programs and profiles and the training of pupils and students for "green" professions through the further development of the dual education system, the intensification of professional practices, master training and other forms of acquiring practical knowledge and skills for the new "green" and digital age in industry 4.0.

Economic and Investment Plan for the Western Balkans, as a part of the Green Agenda for the Western Balkans, as a support for a long-term socio-economic revitalization of the region, is going to be support to the economic growth, implementation of the necessary reforms and support to the WB economy for adaptation and accession to the Europe and global market.

According to the Serbia 2022 Report "Under the Instrument for Pre-accession Assistance 2021 – 2027 (IPA III) a first financing decision of EUR 122.14 million was adopted at the end of 2021, providing support in connectivity and energy efficiency, strengthening private sector development, trade, research and innovation, as well as improving the healthcare system. This first set of programmes, complemented by a significant package of multi-country programmes and the rural development programme IPARD III, provide a significant contribution to kick-start the implementation of the Economic and Investment Plan for the Western Balkans and the Green Agenda. Serbia participates also in cross-border cooperation programmes, transnational cooperation programmes and Union programmes. Serbia benefitted under IPA II from participation in the following Union programmes, with IPA support: Horizon 2020; COSME; Erasmus+ and Creative Europe; Europe for Citizens; Employment and Social Innovation."

Experiences with the implementation of green transition policies in Serbia indicate a certain but still insufficient progress, but also more significant challenges in perspective, especially when it comes to governance. Addressing these challenges requires a coordinated effort at all levels of governance, strong public involvement, continuous capacity building, and effective monitoring systems. By focusing on these topics, Serbia can improve its efforts in the green transition and get closer to the goals of sustainable development.

### 3.3.3. Stakeholder Engagement

Engaging stakeholders is a critical component of the transformation project. Extensive public input has been gathered through surveys, ensuring the solutions developed are well-informed by community needs and



preferences. Stakeholder engagement has included: Online meetings with experts, Consultations with local authorities, Direct interactions with public transport users.

A survey involving over 450 participants was structured to capture views from various ethnic, gender, and educational backgrounds. Special care was taken to talk to people who are frequent users of public transport, those who live in the central area of the city, but also those who come to work every day from distant parts of the city or outside of it. This comprehensive engagement helped in designing an inclusive transport system that meets the needs of all residents. Apart from several online meetings with various experts, good cooperation with the administration of the city of Kragujevac has been noted.

#### 4. EU Governance Models, Policy and Institutional Framework for Green Transitions

This section overviews the governance challenges of conducting the Just Green Transition from a helicopter view first, and then by delving into examples from EU countries, mainly Italy and Nordic Countries. The examples help illustrate regions' diverse challenges, focusing particularly on governance.

##### 4.1. *Setting the scene*

The key challenge of conducting GTs, particularly in a fair way - leaving no one and no territory behind - is that no single actor can do it on their own; neither govern it, develop solutions, nor fully foresee and understand a precise outcome or pathway. The GT and JGT rely on the sum of actions of all stakeholders - institutional and non-institutional, and every member of the society at large. Another important consideration is that the GT is a global endeavor, which means that any development worldwide influences not only the broad trend but also the specific development possibilities locally in municipalities, regions, and countries. This means, for instance, that technological innovations in China or the USA may aid or threaten industries and businesses in Tirana, Belgrade, Skopje, Puglia or Norrbotten. Likewise, geopolitical tensions can open 'windows of opportunity' for some territories, such as the energy investments seen in many European regions due to the sanctions on Russian oil and gas exports.

That being said, the transition is not only about joining forces towards a common cause - a benevolent ambition to save society from extinction and the environment from irreversible damage - but is embedded in a fierce competition for technological, economic, and geopolitical dominance. In Schumpeterian terms, the transition is a process of creative destruction - it entails 'destroying' the existing socio-technical regimes to replace them with new ones (at least to the extent of their current configurations). Yet, while many developments, be they technological, regulatory, or behavioral, are presented as positive for society and the environment, the process of destroying old regimes to build new ones is messy, highly contentious, complex, and often leads to uneven distribution of costs and benefits. As Katz-Rosene et al., (2023) refer to in relation to the food systems, the transition will lead to a "range of outcomes resulting in a set of winners and losers, particularly between urban and rural inhabitants, between rich and poor and between the owners and users of intellectual capital".

This general context means that transitions cannot be described simply as an orderly process controlled by incumbent structures that mobilize a disciplined application of science and knowledge to achieve clear and potentially shared policy goals (Stirling, 2015). Instead, the process is better conceptualized as 'transformative' as it entails "plural, emergent and unruly political re-alignments, involving social and technological innovations driven by diversely incommensurable knowledge, challenging incumbent structures and pursuing contending (even unknown) ends" (Stirling, 2015). Therefore, governing transitions is far from simple. Authorities do not only have the mandate but an enormous pressure to conduct decisive and speedy interventions, yet every action appears as a step onto thin ice. Successful policy implementation is, thus, dependent partially on authorities' ability to build consensus on common goals and coordinate efforts at multiple scales and across different actors but also on their ability to enforce painful trade-offs. Therefore, the readiness of territories to manage transition paths may depend on the maturity of stakeholder cooperation. This means, for instance, actors' ability and willingness to discuss complex issues transparently, share expertise, define goals, and eventually to define roles and establish different forms of informal



#### 4.2. *Path dependency matters*

From a territorial perspective, the JGT looks different in different regions and countries. Path dependencies largely determine regions' abilities to conduct structural changes. For instance, in the Western Balkans, countries that are more reliant on coal and other fossil fuels, such as North Macedonia, Serbia, and Bosnia and Herzegovina, have a more arduous road to go than regions that have already, for a long time, relied on hydropower, such as Albania. This also influences the "transition cost" and "transition fatigue." The further away a region (or say energy system) is from becoming sustainable, the higher the cost of transforming it and often, the lower the optimism of stakeholders. Technological lock-ins result not only from the availability of specific resources (coal vs. rivers) or industries but also from the long-term investments made in them, as well as the whole system built around industrial systems, i.e., infrastructure, supply chains, knowledge, and human resources (i.e., territorial milieu), etc. The same applies for energy, transport, agriculture, construction, and most other industries.

Conversely, the same is true for the opportunities for industrial diversification. Regions with a specific set of resources, knowledge, skills, and investments, as well as businesses, are more likely to be able to seize the emerging opportunities in related sectors compared to regions with a different set of assets and economic structure. The major developments related to the green transition taking place in north Sweden, i.e., 'green steel,' battery factories, wood construction, and data centers, among others, are, to a large extent, possible due to the region's path dependence. Availability of natural resources (e.g., minerals, rivers, forests) in combination with over a century-long process of investments in infrastructure, industrial capacity, and knowledge has given the region the competitive advantage over other regions to welcome current industrial developments.

However, the presence of capabilities (i.e., natural, physical, human, social, and financial capital) does not guarantee the ability of regions to use them effectively to adapt to new conditions. Indeed, regions with a competitive advantage in certain industries may also deliver poor results when it comes to adapting to change. Agency – or the capacity of institutional and non-institutional actors to act - is therefore crucial. For instance, despite North Italy being a major player in the automotive industry for a long time, the electric vehicle (EV) transition in Italy is lagging compared to the European average, although it is now catching up. (Luman & Pizzoli, 2024). Italy's automotive industry has experienced major setbacks in the past few decades, partially as a result of fierce global competition. Yet, major structural changes and investments in innovation have also allowed it to retain a stronghold in national and international markets. The move towards EV, and increased sustainability in the sector, however, depends not only on the industry but on the state authority's push for behavioural change via regulation and incentives, as well as by rolling out related infrastructures. There may be many reasons to explain regions' agency capacities, but central to the equation is how effectively can public, private, and other relevant stakeholders work together to solve different pieces of the puzzle.

#### 4.3. *Multilevel Governance in the EU (example cases in Sweden and Italy)*

The EU has a robust framework for green transition, underpinned by the European Green Deal. This comprehensive strategy encompasses many policies and measures to achieve climate neutrality by 2050. Key components of the EU framework include:

- **Stronger Policy Integration:** The EU has integrated environmental considerations into various policy areas, such as energy, agriculture, transport, and industry. This integrated approach ensures a comprehensive and coherent strategy for green transition.
- **Robust Legal Framework:** The EU has established a comprehensive set of environmental laws and regulations, setting clear standards and targets for emissions reduction, renewable energy deployment, and sustainable resource management.
- **Financial Resources:** The EU has allocated substantial financial resources through various programs and initiatives, including the Just Transition Fund and the Innovation Fund, to support member states in implementing the Green Deal.



- **Stronger Governance Structures:** The EU has established dedicated institutions and agencies, such as the European Environment Agency and the European Investment Bank, to provide technical expertise, monitoring, and financial support for green transition efforts.
- **Public Participation and Stakeholder Engagement:** The EU promotes public participation and engagement in environmental decision-making through public consultations, stakeholder dialogues, and citizen science initiatives.

Given the complexity of JGTs, action is needed at multiple territorial levels and by stakeholders across the board. Actors at the local level cannot push for a shift in a technological regime without a broader change in the rules of the game nationally and internationally. At the same time, national authorities and the EU cannot develop place-based policies for the 27 member states, the 244 NUTS 2 regions, or the thousands of municipalities, nor can it take an active role in mobilizing actors at local levels. Therefore, actions at different levels play distinct roles, although they often overlap. Therefore, effective action by different government tiers may not be the result of a strict top-down transfer of policies from one level to the next but from the ability of sub-national authorities to re-interpret and localize policy goals set at higher levels by identifying the opportunities that are most relevant to their local contexts.

#### 4.3.1. *The case of multi-story wood construction in Sweden*

The development of wood construction in multi-story buildings in Sweden is one clear example of how different government tiers can play important and complementary roles in industrial development (Giacometti et al., 2023). Path dependency was an important underlying condition for Sweden to develop this new market niche, given that it has centuries of experience in the forest industry, vast wood resources and knowledge, and well-established industry players. With the EU accession in 1995, Sweden harmonized its legislation, effectively lifting the ban on multi-story buildings. Here the state plays a major role in changing the rules of the game, opening opportunities which immediately raised the attention of the industry and also few municipal authorities. Realizing the potential, the state took a more active role in pushing for industrial development. It developed an ambitious strategy based on thorough dialogue with the industry, followed by investments in R&D programs co-financed by businesses, incentivizing the partnership with academia and among otherwise competitor companies. These efforts represented a substantial and firm step toward change, yet, they struggled to generate the response expected from the market. Path dependency also played a negative role, as regulation, in the form of a century-long blanket ban on multi-story wood-made buildings, enabling the hegemonic dominance of building systems based on concrete and steel materials and the supply chains built around them. The industry and policymakers realized they were bogged down by the power that established actors had in reinforcing the structural inertia. Place-based leadership was the key to breaking the lock-in. Close collaboration between a few municipalities (three at the start) and key regional stakeholders, including industry and academia and the county (region) administrations. Municipalities developed their own strategies and used, among other tools, public procurement to incentivise market creation and support firms in building industrial capacity.

It is relevant to note that the case presented here took place in a country - Sweden - where there is a high degree of decentralisation at the municipal level. Although municipalities do not have legislative power, they have the monopoly of land-use planning and control many public services, which gives them a decent degree of influence. The meso-level is rather weak in Nordic Countries, though regions have increasingly gained importance on regional development, particularly in Finland, Sweden and Norway. Moreover, the Nordic consensus cultures, present also in the design of public policy, provides sub-national authorities much room to reinterpret national policies and supra-national commitments (i.e., SDGs), adapting them to their local needs and capacities.

#### 4.3.2. *The case of energy transition in Ravenna, Italy*

A different example is Italy's endeavor to achieve greater energy independence, where the municipal level can play a significant role. In the context of the COVID-19 pandemic and the recent geopolitical tensions in Europe, Italy,





being highly dependent on energy imports, has sought to diversify its energy provision systems by prioritizing specific multipurpose energy projects. The Ravenna Energy Hub is an interesting example of how a territory can turn an emergency into an opportunity. Supported by a combination of private and public funding, including contributions from the Italian NRR Fund, Ravenna is evolving into a European energy hub.

Cooperation among various actors and levels has enabled the concentration of multiple initiatives in the Ravenna Harbour area. These include a 43-hectare photovoltaic plant, an offshore wind farm, an LNG conversion plant, a green hydrogen factory, and a carbon capture and storage unit. These initiatives are transforming the old harbor into a sustainable energy hub, recognized as one of the strategic energy communities funded by the Italian state, which will serve as a collector and distributor of energy within and outside the harbor.

Due to emergency conditions, implementing such complex and diverse initiatives has been relatively technocratic. While the actors' cooperative attitude has facilitated implementation, the urgency has limited citizen involvement in decision-making. However, this has not provoked a particularly adverse reaction, as these initiatives are perceived as "national interests" during a crisis.

Lastly, the harbor authority and stakeholders' solid political commitment and perseverance have provided assurance, reducing the uncertainty associated with such initiatives. Finally, this has also been facilitated by the coherence between the initiatives and the territorial (at each level) needs. As the projects promoted are timely with the contingencies, their implementation has been facilitated by the convergence between national interests and local needs.

#### 4.3.3. *Examples of polycentric governance and par diplomacy*

Other, more experimental forms of engaging multiple levels in transformative policies are the EU missions and the Regional Innovation Valleys (RIVs) initiative. Horizon Europe, the EU research & innovation framework programme for 2021-2027, allocates € 95.5 billion to five 'missions', one of them is 'climate-neutral and smart cities'. In this program, the EU commission bypasses the national level to work directly with 100+ cities across the EU and in countries associated with the Horizon Europe program to test new governance approaches and initiatives aimed at cutting carbon emissions. Similarly, as part of the New European Innovation Agenda (NEIA), the European Commission (EC) selected 151 regions in the EU as Regional Innovation Valleys (RIVs) to help them strengthen competitiveness and promote innovation in specific technology areas or sectors. These initiatives represent also a form of '*paradplomacy*' which is the involvement of non-central governments in international relations, typically to share knowledge or advocate about issues of common interest. This point here is that governing GTs is much more dynamic than the orderly interaction of government tiers, but the process can be more chaotic and based on ad-hoc cooperation initiatives that may deliver more pragmatic solutions to the day-to-day tasks of public administrations.

The EU has also encouraged member states to work with the mission-approach in addressing some of the critical societal and environmental challenges of our time. Missions and transformative policies in general represents an explicit ambition to reclaim the role of the public authority as a key driver of change and actively set directionality of innovation efforts towards goals that bring societal value, as opposed to being mere spectators responsible only to set the rules of the game and correct potential market or systems failures (Kattel & Mazzucato 2018). The Swedish Innovation Agency, Vinnova, for example, has developed a number of missions in the form of R&D programmes to support projects that develop solutions for the green transition in food systems, in transport, and other sectors. Denmark, defined four national 'Innovation missions' (InnoMissions), all of which are meant to mobilise science and business towards finding solutions for environmental and societal challenges. These cases, however, reveal a great degree of spatial blindness in their application, as they have clearly ignored the place-based relevance innovations and industrial developments.

These various examples show how authorities at different levels often work in parallel initiatives but independently from each other, while at the same time, responding to overarching policy goals.



## 5. Final Discussion and Preliminary Recommendation Notes

While striving to achieve a green transition, the Western Balkans nations face significant governance challenges that impede their progress. These challenges stem from a complex interplay of factors, including weak institutional capacity, fragmented policies, and limited public participation. As noted from the WB examples presented in Chapter 3 of this document, the following challenges can be summarised as below:

- (1) **Weak Institutional Capacity:** One of the most prominent challenges is the Western Balkans' is the lack of robust institutional capacity. Many institutions responsible for environmental protection and sustainable development lack the expertise, resources, and coordination mechanisms to implement green policies effectively. This weakness manifests in various ways: limited specialized knowledge and skills required to design and implement complex green transition strategies; insufficient funding, technical support, and skilled personnel that hamper the ability of institutions to perform their mandated roles and fragmentation across different levels of government and various ministries and agencies that creates silos and hinders effective policy coordination. This deficit is particularly evident in renewable energy deployment, waste management, and circular economy initiatives.
- (2) **Insufficient Resources:** Inadequate funding, limited access to technical support, and a shortage of skilled personnel hamper institutions' ability to perform their mandated roles effectively. This leads to delays in project implementation, inefficient resource allocation, and a lack of capacity for monitoring and evaluation.
- (3) **Fragmented Policies and lack of coherence:** The Western Balkans also struggle with fragmented policy landscapes that often lack clear direction and coherence. This fragmentation stems from the lack of comprehensive national green transition strategies encompassing all relevant sectors and addressing the interconnected nature of environmental, economic, and social challenges. The absence of such overarching frameworks results in conflicting policies, duplication of efforts, and a lack of coherence in the overall green transition strategy. Additionally, to that, fragmentation across different levels of government (national, regional, and local) and various ministries and agencies creates silos and hinders effective policy coordination. This results in conflicting policies, duplication of efforts, and a lack of coherence in the overall green transition strategy
- (4) **Lack of Comprehensive Strategies and Weak Enforcement Strategies:** Many countries lack comprehensive national green transition strategies that encompass all relevant sectors and address interlinkages between different policy areas. Individual policies related to environmental protection, energy, and resource management are often isolated, leading to inconsistencies and overlaps that create confusion and hinder effective implementation. Even when policies are in place, the lack of effective enforcement mechanisms and accountability structures undermines their effectiveness. This weakens the incentives for businesses and individuals to comply with environmental regulations and contribute to a sustainable transition
- (5) **Limited Public Participation:** Another key challenge is limited public participation in the green transition process. This is due to several factors: (i) Lack of Awareness: The general public often lacks awareness and understanding about the importance of the green transition and the role they can play in it. This hinders public engagement and support for green initiatives. (ii) Limited Access to Information: The lack of transparency and accessibility of information regarding green transition policies and projects limits the ability of citizens to engage meaningfully in decision-making processes. (iii) Weak Mechanisms for Citizen Engagement: Formal public consultation and participation mechanisms are often underdeveloped or ineffective, leaving citizens feeling excluded from the decision-making processes that directly impact their lives. Weak civic engagement and a lack of transparent decision-making processes hinder citizens' and stakeholders' ability to contribute to the design and implementation of green policies

To conclude, **JGTs ultimately result from the sum of actions, both intentional and unintentional, organised and spontaneous, of institutional and non-institutional actors and the society at large.** As in the cases of Sweden and Italy, despite common global challenges, territories face unique possibilities for adaptation based on positive and negative path dependence, as well as, a broad range of factors, including chance.

The ability of a territory to turn an emergency into an opportunity depends on various factors, where the coordination of actions at multiple territorial levels is paramount. In this regard, coherent policy action is key to reassuring businesses and authorities the like on their risky endeavours. However, policy coherence does not necessarily imply the orderly transfer of policy from supra- and national authorities to sub-national authorities, but



requires the latter to adopt an entrepreneurial approach to spot the opportunities and mobilise relevant stakeholders to jointly design solutions that are anchored in their local realities.

The coherence between supranational frameworks and local needs is strategic in setting local priorities. As in the case of Ravenna's energy hub, the combination of supranational priorities (i.e. diversification of energy resources in the time of geopolitical crises and the shift from carbon to energy renewal society) and local exploiting of territorial assets (i.e. the (re) conversation of the Ravenna harbour), have paved the way for a positive transition.

That being said, transitions without stakeholder participation are doomed to fail or, worse, provoke major damage to the local population and businesses. On the other hand, stakeholder engagement is not always possible in an extensive fashion due to the conditions (i.e. reaction to emergency); however, the cooperation between key actors can somehow ensure the implementation of some specific projects/initiatives of broad societal interest, as learned by the case of Ravenna.

Following from the discussion made above, some specific strategies for improvements may include:

- *Investing in developing specialized, well-trained personnel* within environmental management institutions to enhance their expertise and ability to implement green initiatives effectively. This could be enhanced by developing training programs for public officials and professionals in environmental management and green technologies.
- *Establishing coordination mechanisms between relevant ministries and agencies responsible for environment, energy, and spatial planning* to promote cross-sectoral collaboration and policy coherence. In this regard, establish clear lines of responsibility and promote collaboration among government agencies, local authorities, and other stakeholders, becomes of utmost importance in the WB context. Additionally, a crucial emphasis here should be given to implementing mechanisms for greater transparency and accountability in decision-making.
- *Designing inclusive stakeholder engagement frameworks* to amplify the voices of citizens, civil society organizations, and the private sector in the green transition process increases the legitimacy and effectiveness of green policies. Establishing dialogue platforms involves creating spaces for ongoing communication between government agencies, civil society organizations, and the public. Promoting citizen engagement is essential, achieved through awareness campaigns and educational initiatives that inform the public about the benefits of green transition. Additionally, ensuring access to information by providing transparent access to data and information related to green initiatives is crucial for fostering an informed and active citizenry.
- *Improving access to financial and technical resources*, potentially through increased cooperation with the European Union and international development partners, to support the implementation of green technologies and infrastructure. Measures should be further taken in the WB context in developing incentives and financial mechanisms to attract private sector investments in green technologies and infrastructure, while simultaneously supporting research and development efforts to drive innovative solutions for the green transition.

Overall, the comparative analysis between the EU's robust green transition framework and the Western Balkans' governance challenges underscores the importance of tailored approaches, regional cooperation, and the effective integration of global and regional public goods to drive the green transformation in the Western Balkans (Knez, S., Štrbac, S. and Podbregar, I., 2022).



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## 7. Annexes

### 8. Annex 1: Climate Governance Structures in the Western Balkan Countries

The “Climate Bridges” project funded by the European Climate Initiative (EUKI) has delivered a document presenting ‘Country reports on current climate governance structures’ for the 6 Western Balkan Countries plus Croatia. For each country, the reports indicate (i) The main institutions involved, (ii) The most relevant instruments, and (iii) Relevant international agreements. The reports also summarize each country's main strengths and weaknesses. These results are compared with the Mapping Report prepared and delivered by the Green FORCE project, and a synthesis of each of the WB countries is presented below.

General considerations from the country reports:

- All WB countries have developed national strategies on climate and energy but only a few (Albania, Montenegro) have adopted climate change laws.
- Cross-ministerial governance structures are decisive. These are in Albania, Serbia, and Kosovo.
- The EU accession processes incentivize the adoption of robust environmental and climate regulations.
- There are gaps between policy formulations and their implementation due to a lack of capacity and weak cooperation between governments and civil society organizations. There is also a general lack of transparency.
- Lack of stability in public administrations and lack of appropriate funding schemes.
- Carbon Border Adjustment Mechanisms are a possible opportunity.
- The population's acceptance of climate initiatives is low.

#### ALBANIA

##### (i) Institutions Involved

Various governmental and research institutions support Albania's climate governance structures. Key bodies include the Ministry of Tourism and Environment, which is responsible for formulating and implementing environmental and climate change policies. The Ministry of Infrastructure and Energy also plays a crucial role, particularly in areas related to energy policy and infrastructure development.

The National Agency of Protected Areas oversees the conservation of designated protected zones, while the National Agency of Territorial Planning manages spatial planning strategies. The National Agency of Natural Resources is responsible for exploring and regulating natural resources. The National Environment Agency, which operates through its 12 regional environmental agencies and the State Inspectorate of Environment, Forestry, and Water, has major responsibilities in environmental monitoring and regulatory compliance.

Local municipalities, particularly those in cities such as Durrës, Korça, Kukes, Lezha, Shkodra, Tirana, and Vlova, also play significant roles in implementing climate action plans at the local level. Research institutions, such as the Institute of Geosciences, contribute scientific support and technical expertise to inform policy and action.

An Inter-Ministerial Working Group on Climate Change has been established to facilitate cross-sectoral collaboration and the integration of climate considerations across different governmental departments.

##### (ii) Instruments

A robust array of national laws, strategies, and plans form the foundation of climate governance. Among these, key instruments include the National Climate Change Strategy and Plan 2019, the National Plan for Energy and Climate, and the Strategic Document on Climate Change, which includes an adaptation plan.

Specific legislation pertinent to climate action encompasses several laws such as the Law on Climate Change, National Strategy of Energy, National Strategy and Action Plan for Climate Change; Crosscutting Strategy for Rural and Agricultural Development, General National Plan, Albania 2023, Document of Strategic Policies for Biodiversity Protection, Draft document for monitoring and reporting greenhouse gas (GHG) emissions.



Local urban planning documents, like the Local General Territorial Plan of Tirana and the Green City Action Plan of Tirana, further support climate objectives. Additionally, the Law on Local Government has decentralized some responsibilities to local authorities, empowering municipalities to take more direct climate action. Novel financing instruments are also being developed to attract private investment in climate initiatives.

### (iii) International Agreements

Albania is committed to several international frameworks and agreements to enhance climate action. Albania actively participates in the United Nations Framework Convention on Climate Change (UNFCCC), adheres to the Sendai Framework for Disaster Risk Reduction, and supports the Agenda 2030 for Sustainable Development. Albania is also a member of the Energy Community Treaty and signatories to the Covenant of Mayors for Climate & Energy, reflecting a strong engagement with global climate goals.

### (iv) Targets

The climate strategies set ambitious targets to reduce emissions and increase renewable energy use, such as achieving 45% emissions reductions by 2030 and 100% reductions by 2050, increasing the share of renewables in the energy mix to 38% by 2020, and attaining 100% by 2030, and aiming to reduce energy consumption by 9.6% by 2030.

### (v) Summary of Strengths and Weaknesses

The climate governance structures in Albania exhibit several notable strengths. Firstly, the country benefits from a comprehensive policy framework supported by various national and local strategies, ensuring a cohesive approach to tackling climate change. Albania's engagement with various international agreements and frameworks further strengthens this policy foundation, which helps align its domestic efforts with global climate goals. Additionally, there are well-established mechanisms for monitoring and reporting environmental data, which are crucial for tracking progress and ensuring accountability. The active participation and coordination among various governmental bodies, including ministries, agencies, and local municipalities, also contribute significantly to the robustness of Albania's climate governance structures.

However, there are also some weaknesses that need to be addressed. Ensuring full implementation and compliance of policies across different regions and sectors remains a potential challenge. There is variability in the capacity and resources available to different municipalities, which can lead to inconsistencies in the execution of climate initiatives. Enhanced coordination among the various agencies involved is necessary to streamline efforts and avoid overlaps or gaps in responsibilities. Finally, financial constraints pose a significant hurdle, highlighting the need for more effective mechanisms to leverage private investment in climate projects. Addressing these weaknesses will be critical in strengthening Albania's overall climate governance framework.

## NORTH MACEDONIA

### (i) Institutions Involved

The climate governance structures in North Macedonia encompass a variety of governmental bodies and stakeholders. The Ministry of Environment and Physical Planning (MoEPP) plays a central role. The Ministry of Economy (MoE) holds the responsibility for several climate-related policies especially concerning the energy sector, and it is currently the leading policy maker crucial for shaping just transition policies and strategic firework. The Ministry of Transport and Communications (MTC), the Ministry of Agriculture, Forestry and Water Management (MAFWE), the Ministry of Labour and Social Policy (MLSP) as well have an important role in the climate related policies. s. Other significant contributors include the European Bank for Reconstruction and Development (EBRD) the European Commission and various governmental institutions, such as the Secretariat for European Affairs (SEA) and second tier government structures

### (ii) Key Instruments



North Macedonia employs several instruments to guide its climate and energy policies. Key documents and strategies include:

- **National Determined Contributions (NDCs):** Set targets for 2030 to reduce greenhouse gas emissions by 51% compared to 1990 levels and net emissions by 82% by the same year.
- **National Energy and Climate Plans (NECPs):** These plans detail sectorial non-GHG targets for 2030, including 38% renewable energy in gross final energy consumption, 66% renewable energy in electricity production, and significant energy efficiency improvements.
- **Strategy for Energy Development up to 2040:** Lays out a long-term vision for energy development and sustainability within North Macedonia.
- **Various National Action Plans and Strategies:** Includes the 4th National Action Plan for Energy Efficiency (2020-2022), a Law on Environment, and other strategic documents addressing climate action, desertification, health sector adaptation, and sustainable development goals (SDGs).
- **Draft Legislation:** The Law on Climate Change, which is yet to be adopted, represents ongoing legislative efforts to align with EU standards.

### (iii) Relevant International Agreements

North Macedonia is actively engaged in several international agreements that guide its climate policies:

- **United Nations Framework Convention on Climate Change (UNFCCC):** The country has ratified the Doha Amendment to the Kyoto Protocol, aligning itself with global targets for emission reductions.
- **Energy Community Treaty:** As a member, North Macedonia commits to integrating its energy market with those of the EU, promoting regulatory and technical harmonization.

### (iv) Main Strengths and Weaknesses

North Macedonia has demonstrated considerable strengths in its climate governance structures. A notable achievement is the broad participatory process in developing its enhanced Nationally Determined Contributions (NDCs). This open and inclusive approach incorporates inputs from various stakeholders, including governmental bodies, non-governmental organizations, and international partners. Such inclusiveness ensures that the resulting policies are well-rounded and consider multiple perspectives and interests.

Another significant strength lies in North Macedonia's ambitious targets for renewable energy adoption and energy efficiency improvements. The country's National Energy and Climate Plans (NECPs) outline clear and measurable goals, such as achieving a 38% share of renewable energy in gross final energy consumption and a 66% share in gross electricity production by 2030. These targets indicate a strong commitment to transitioning towards a sustainable and low-carbon energy system. Furthermore, the focus on significant reductions in primary and final energy consumption underscores the country's dedication to enhancing energy efficiency as a key pillar of its climate strategy.

Additionally, North Macedonia has developed comprehensive and up-to-date national strategies and technical documents that clearly outline a path for long-term climate and energy development. These documents include the Strategy for Energy Development up to 2040 and several National Action Plans. Such detailed and forward-looking plans provide a solid foundation for coordinated and sustained climate action.

However, North Macedonia faces several challenges and weaknesses. One of the most pressing issues is the pending adoption of critical legislation, notably the Law on Climate Change. This law is crucial for aligning national climate policies with European Union standards and providing a robust legal framework to support and enforce climate action. The delay in adopting such legislation hampers the country's ability to commit to its climate goals fully and can create uncertainties in policy implementation.

Moreover, the coordination across multiple governmental bodies presents another significant challenge. Effective climate action requires seamless collaboration between various ministries and agencies, but the fragmented nature





of responsibilities can lead to inefficiencies and communication gaps. Streamlining these efforts and ensuring a more cohesive approach would be essential for strengthening the implementation and impact of climate policies.

In summary, while North Macedonia has established a strong foundation for climate governance with inclusive processes, ambitious targets, and comprehensive plans, it must address the legislative gaps and enhance inter-agency coordination to overcome existing weaknesses as well as coordination of the climate related actions between different government tiers as well as active stakeholder engagement. By doing so, the country can reinforce its commitment to sustainable development and robust climate action.

## SERBIA

### (i) Institutions Involved

Serbia's climate governance involves a variety of institutions and stakeholders dedicated to addressing environmental and climate-related challenges. The Ministry of Environmental Protection is the primary body overseeing climate policies, supported by other key ministries such as the Ministry of Mining and Energy and the Ministry of Agriculture, Forestry and Water Management. The National Council for Climate Change includes representatives from various ministries, academia, municipalities, and civil society organizations and plays a crucial advisory and coordinating role. Other important contributors include local authorities such as the Standing Conference of Towns and Municipalities, UNDP Serbia, the Government of the City of Kragujevac, and the Belgrade Open School.

### (ii) Key Instruments

Serbia utilizes a range of instruments and strategies to guide its climate actions:

- **Laws and Regulations:**
  - Law on Climate Change: Adopted in 2021, this law outlines the framework for climate action, although full implementation awaits the adoption of necessary by-laws.
  - Law on Environmental Protection: Provides foundational legal support for environmental governance and policies.
- **Strategies and Plans:**
  - Strategy of Low Carbon Development (2023-2030): Sets the direction for reducing carbon emissions and promoting sustainability.
  - Sustainable Urban Development Strategy until 2030: Guides urban planning and development to support climate resilience and sustainability.
- **Various Local Strategies:** Including the Sustainable Development Strategy and Spatial Plan for the City of Kragujevac, and the Program of Local Economic Development for 2021-2023.

### (iii) Practices and Other Initiatives:

- **Coalition 27:** An established civil society coalition that monitors and contributes to aligning Serbian climate policies with EU regulations. The coalition also publishes annual 'Shadow Reports' that evaluate progress and provide recommendations.
- **Green City Action Plan for Belgrade:** Focuses on promoting sustainable practices in the capital city.
- **EU Initiatives:** Projects like "EU for Green Agenda in Serbia" support long-term adaptation planning and sustainable development.

### (iv) Relevant International Agreements

Serbia is actively engaged in various international treaties and agreements that drive its climate policy framework:



- **United Nations Framework Convention on Climate Change (UNFCCC):** Serbia has ratified the Doha Amendment, committing to international emission reduction targets.
- **Energy Community Treaty:** By participating in this treaty, Serbia aligns its energy policies with the EU, fostering regional cooperation and harmonization.

#### (v) Main Strengths and Weaknesses

Serbia has made significant strides in establishing a comprehensive legal and strategic framework to tackle climate change. Adopting the Law on Climate Change in 2021 marks a pivotal step, laying out clear roles and responsibilities for various ministries, agencies, and organizations in climate governance. The low carbon development strategy for 2023-2030 is another critical instrument, offering a clear roadmap for reducing greenhouse gas (GHG) emissions and promoting sustainable practices.

The inclusive approach extends to engaging civil society, as exemplified by Coalition 27. This coalition is noteworthy in monitoring Serbia's alignment with EU environmental and climate regulations. Additionally, the coalition's annual 'Shadow Reports' offer valuable insights and recommendations, fostering transparency and public participation in policy development. On the urban front, the Green City Action Plan for Belgrade and similar local strategies for the City of Kragujevac underscore a commitment to integrating sustainability into urban development.

Despite these advancements, Serbia faces challenges in fully operationalizing its climate policies. One major hurdle is the pending adoption of necessary by-laws under the Law on Climate Change, which prevents the law from being fully implemented. This legislative gap creates uncertainties and impedes the effective execution of climate actions outlined in the law.

Furthermore, coordination across multiple institutions and stakeholders at the national and local levels can be complex and sometimes inefficient. Strengthening institutional collaboration and ensuring cohesive implementation of strategies across different governing bodies remain areas needing improvement. Overcoming these challenges is essential for Serbia to fully realize its climate goals and enhance the impact of its policies.

Serbia has established a robust foundation for climate governance with comprehensive laws, strategies, and active civil society involvement. However, achieving its climate targets will require overcoming legislative and coordination challenges to ensure effective implementation and continued progress.

## BOSNIA and HERZEGOVINA

### (i) Institutions Involved

In Bosnia and Herzegovina, climate governance is managed by a combination of federal and entity-level institutions, reflecting the country's complex administrative structure. At the federal level, the Ministry of Environment and Tourism and the Ministry of Foreign Trade and Economic Relations play significant roles. The Ministry of Spatial Planning, Construction, and Ecology of the Republic of Srpska acts as the UNFCCC contact point, highlighting its importance in international climate negotiations. Additionally, the Government of Brčko District contributes to the national climate governance alongside other key institutions such as the Environmental Protection Fund and the Fund for Environmental Protection and Energy Efficiency.

Entity-specific ministries, including the Ministry of Agriculture, Water Management and Forestry, Ministry of Energetics, Mining and Industry, and the Ministry of Transport and Communications, also play crucial roles in implementing climate policies. Furthermore, specialized agencies such as the Food Safety Agency of BiH, the Water Area Agency Sava, and the Federal Institute of Geology support the integration of climate considerations into their respective focus areas.

### (ii) Key Instruments



Bosnia and Herzegovina utilizes a range of instruments to guide its climate and environmental policies:

- **Laws and Regulations:**
  - Law on the Use of Renewable Energy Sources and Efficient Cogeneration
  - Law on Energy Efficiency
  - Law on Environmental Protection
  - Law on Waste Management
  - Law on Nature Protection
  - Water Law
  - Law on Agriculture, Food and Rural Development
  - Entity-Specific Laws: For instance, the Republic of Srpska has specific laws on renewable energy, energy efficiency, and agricultural land.
- **Strategies and Plans:**
  - Strategy of Adapting to Climate Change and Low-Carbon Development for 2013-2025
  - Nationally Determined Contribution (NDC)
  - Climate Change Adaptation Plan (NAP) Framework
  - Energy Strategy of BiH until 2035
  - National Energy Climate Plan (NECP): Currently under development.
- **Climate Law:** A draft climate law has yet to be adopted. Once in place, it will provide a robust legal framework for climate actions.
- **Local Initiatives:** Some local authorities voluntarily develop Sustainable Energy and Climate Action Plans (SECAP) and Sustainable Urban Mobility Plans (SUMP), promoting localized climate action and sustainability.

### (iii) Relevant International Agreements

Bosnia and Herzegovina is committed to several key international agreements that shape its climate policy framework:

- **United Nations Framework Convention on Climate Change (UNFCCC):** The country is a party to this convention, showcasing its commitment to global climate goals.
- **Energy Community Treaty:** Through this treaty, Bosnia and Herzegovina aligns its energy sector policies with European Union standards, facilitating regional cooperation for energy transition.

### (iv) Strengths and Weaknesses

Bosnia and Herzegovina has made notable progress in developing comprehensive policies and strategies for addressing climate change. The country's Nationally Determined Contribution (NDC) sets clear targets for greenhouse gas (GHG) emissions reductions, emphasizing both unconditional and conditional goals depending on the level of international support received. By 2030, the country aims for an unconditional 12.8% GHG reduction compared to 2014, which can potentially increase to 17.5% with enhanced international assistance for decarbonizing key sectors such as mining.

The development of a new Climate Change Adaptation and Low-Emission Development Strategy for 2020-2030, currently close to completion, promises to refine further and strengthen the country's climate action framework. Additionally, involving various federal, entity-level, and local institutions in climate governance demonstrates a holistic approach, ensuring that climate considerations are integrated across various sectors and administrative levels.

Despite these advancements, Bosnia and Herzegovina faces significant climate governance challenges. One major issue is the delayed adoption of the necessary climate law, which would provide a comprehensive legal underpinning for the country's climate strategies and ensure alignment with international commitments. The absence of this legislation creates gaps in the regulatory framework and hinders the effective implementation of climate policies.



Moreover, the complex administrative and political structure of Bosnia and Herzegovina poses additional coordination challenges. Ensuring seamless cooperation and coherent policy implementation across various levels of government and between different entities requires enhanced efforts and robust governance mechanisms. Furthermore, the dependence on international assistance for achieving conditional GHG targets highlights the vulnerability of the country's climate initiatives to variations in external support.

Bosnia and Herzegovina has established a substantive foundation for climate governance through a comprehensive set of laws, strategies, and institutional frameworks. However, to fully realize its climate targets, the country must address legislative gaps and strengthen coordination across its intricate administrative structure. Enhanced international cooperation and robust local actions will drive sustained progress towards its climate goals.

## MONTENEGRO

### (i) Institutions Involved

Montenegro's climate governance is managed through national ministries and specialized agencies, working collaboratively to address environmental and climate challenges. The Ministry of Ecology, Spatial Planning, and Urbanism is central, overseeing climate policies and international cooperation through its Directorate for International Cooperation, EU Integration, and Climate Change. Additional pivotal ministries include the Ministry of Economic Development and Tourism and the Ministry of Capital Investments.

The Statistical Office of Montenegro (MONSTAT) plays a crucial role in data collection and reporting, while the State Statistical Office and Environment Protection Agency are responsible for preparing emission inventories. Furthermore, the Working Group for Mitigation and Adaptation to Climate Change within the National Council for Sustainable Development provides strategic guidance and coordination.

### (ii) Key Instruments

Montenegro employs a comprehensive suite of laws, strategies, and plans to guide its climate actions:

- **Laws and Regulations:**
  - **Law on Protection from Adverse Impacts of Climate Change:** This foundational law, with relevant by-laws already drafted and adopted, sets the framework for climate action.
  - **Law on Amendments to the Law of Adverse Impacts of Climate Change:** It will further refine and strengthen the legal framework soon to be adopted.
  - **Law on Efficient Energy Use:** Supports the promotion of energy efficiency measures.
  - **Law on Waste Management:** Guides sustainable waste management practices underpinned by state and municipal waste management plans.
- **Strategies and Plans:**
  - National Climate Change Strategy 2030: **Provides a comprehensive approach to mitigation and adaptation efforts.**
  - National Sustainable Development Strategy 2030: **Aligns with the UN Agenda 2030, promoting sustainable development goals.**
  - National Energy Development Strategy: **Details the path for sustainable energy development.**
  - Revised Nationally Determined Contribution (NDC): **Sets specific targets for GHG emissions reduction.**
  - Roadmap towards the Circular Economy: **Guides the transition towards a more sustainable economic model.**
  - National Energy and Climate Plan (NECP): **Currently in progress, expected to be finalized soon.**
  - National Adaptation Plan: **To be prepared under the Law on Protection against Climate Change.**

### (iii) Relevant International Agreements



Montenegro is an active participant in several key international treaties that shape its climate policy framework:

- **United Nations Framework Convention on Climate Change (UNFCCC):** The country has ratified the Doha Amendment, committing to international emission reduction targets.
- **Energy Community Treaty:** By participating, Montenegro aligns its energy policies with the EU, fostering regional cooperation and harmonization.

#### (iv) Strengths and Weaknesses

Montenegro has made significant progress in developing a robust legal and strategic framework for addressing climate change. The adoption of the Law on Protection from Adverse Impacts of Climate Change, along with its accompanying by-laws, provides a comprehensive legal basis for climate actions. This law and its forthcoming amendments underscore a strong legislative commitment to mitigating adverse climate impacts.

Strategic documents such as the National Climate Change Strategy 2030 and the National Sustainable Development Strategy 2030 demonstrate Montenegro's alignment with global sustainability goals as outlined in the UN Agenda 2030. The revised Nationally Determined Contribution (NDC) is particularly notable, setting an ambitious target of at least a 35% reduction in national GHG emissions (excluding land use, land-use change, and forestry – LULUCF) by 2030 compared to 1990. Furthermore, the planned reduction in biodegradable municipal waste disposable to landfills highlights Montenegro's commitment to sustainable waste management practices.

Montenegro's institutional framework reflects a multifaceted approach to climate governance. The Directorate for International Cooperation, EU Integration, and Climate Change within the Ministry of Ecology, Spatial Planning, and Urbanism is critical in managing international collaborations and domestic policy integration. The involvement of diverse stakeholders, including multiple ministries and specialized agencies, ensures that climate considerations are integrated across various sectors and administrative levels.

Despite these strengths, Montenegro faces challenges that could hinder the effective implementation of its climate policies. One significant issue is the delay in finalizing and adopting the National Energy and Climate Plan (NECP). This plan is essential for providing a clear and integrated strategy for achieving energy and climate objectives, and its absence creates a gap in the policy framework.

There are also challenges related to the enforcement and operationalization of existing laws. Although the Law on Protection from Adverse Impacts of Climate Change has been adopted, ensuring that it is effectively implemented and monitored compliance will require enhanced efforts and resources.

Furthermore, Montenegro's reliance on international assistance to achieve its GHG reduction targets indicates a vulnerability in its climate strategy. Ensuring sufficient and sustained international support and developing robust domestic mechanisms for climate finance will be critical for meeting its ambitious climate goals.

Montenegro has established a solid foundation for climate governance through comprehensive laws, strategies, and an inclusive institutional framework. However, to fully realize its climate targets, the country must overcome implementation challenges, finalize key plans like the NECP, and ensure robust funding mechanisms. With continued commitment and international cooperation, Montenegro can advance its climate ambitions and contribute to global sustainability efforts.



## KOSOVO

### (i) Main Institutions Involved

In Kosovo, the primary institution responsible for climate governance is the Ministry of Environment, Spatial Planning, and Infrastructure. This ministry oversees environmental policies and integrates climate considerations into spatial planning and infrastructure development. Alongside, the Climate Change Council plays a significant role, particularly in preparing and overseeing the country's voluntary Nationally Determined Contributions (NDC). This council ensures that climate strategies and actions are effectively coordinated and implemented across different sectors.

### (ii) Key Instruments

Kosovo employs several key instruments to guide its climate actions, reflecting its commitment to sustainable development despite not being a part of the United Nations Framework Convention on Climate Change (UNFCCC):

- **Laws and Regulations:**
  - **Law on Climate Change (New):** This foundational law sets the framework for climate policies and actions in Kosovo, providing a legal basis for implementing comprehensive climate strategies.
- **Strategies and Plans:**
  - **Climate Change Strategy 2019-2028:** Outlines long-term goals and actions for mitigating and adapting to climate change impacts, ensuring a strategic approach towards sustainable development.
  - **Action Plan 2021-2023:** Details specific measures and initiatives to be undertaken within a short-term timeframe, facilitating progress towards the goals set in the Climate Change Strategy.

### (iii) Relevant International Agreements

Kosovo is actively engaged in regional cooperation through key international frameworks, which significantly influence its climate policy:

- **Energy Community Treaty:** As a member, Kosovo aligns its energy policies with EU standards, fostering regional cooperation and facilitating the transition to a sustainable energy system.
- **Voluntary Nationally Determined Contributions (NDC):** Despite not being a part of the UNFCCC, Kosovo commits to international climate efforts through voluntary NDCs, demonstrating its willingness to contribute towards global climate goals.

### (iv) Main Strengths and Weaknesses

Kosovo has shown considerable commitment to developing a robust framework for climate governance, with key legal and strategic instruments in place. The new Law on Climate Change provides a foundational legal structure, underpinning the country's climate actions and setting the stage for comprehensive policy implementation. The Climate Change Strategy 2019-2028 and the Action Plan 2021-2023 outline a strategic approach to mitigation and adaptation, ensuring that short-term actions align with long-term objectives.

The Climate Change Council's role in preparing and overseeing the voluntary NDC highlights Kosovo's proactive stance on climate action. By committing to reduce greenhouse gas emissions by 8.95 Mt CO<sub>2</sub>e by 2030, which equates to a 16.3% reduction compared to 2016 levels, Kosovo demonstrates a clear and measurable commitment to mitigating climate impacts. Although set voluntarily, this target provides a concrete benchmark for assessing progress and fostering accountability.

Kosovo's participation in the Energy Community Treaty ensures alignment with EU energy policies, promoting regional cooperation and access to best practices and technologies for sustainable energy development. This regional engagement is crucial for supporting Kosovo's energy transition and achieving its climate goals.

Despite these strengths, Kosovo faces significant challenges in its climate governance journey. One critical issue is the absence of formal membership in the UNFCCC, which limits Kosovo's access to specific international support mechanisms and platforms that could enhance its climate action capacity. This status poses a significant barrier to



fully integrating into the global climate governance framework and accessing associated financial and technical resources.

Moreover, limited institutional capacity and resources can hinder the implementation of climate policies and strategies. Ensuring effective enforcement and monitoring of the new Law on Climate Change, as well as the successful execution of the Climate Change Strategy and Action Plan, requires robust institutional mechanisms and adequate funding. Strengthening institutional capacity, enhancing inter-agency coordination, and securing sustainable financing remain critical areas for improvement.

Kosovo has demonstrated a proactive and committed approach to climate governance, with robust legal frameworks and strategic plans despite not being a part of the UNFCCC. The establishment of the Climate Change Council, along with the adoption of the Law on Climate Change and comprehensive climate strategies, underscores Kosovo's dedication to addressing climate challenges. However, overcoming institutional and resource-related barriers will be essential for effective implementation and progress towards its climate goals. Enhanced regional cooperation and continued commitment to voluntary international contributions will be pivotal in driving Kosovo's sustainable development and climate resilience



## 9. Annex 2: Law Search - Climate Change Laws of the World (climate-laws.org)

<p><b>Albania</b> Law no 155/2020 on climate change (2020)</p>	<p>This law aims to contribute to the country's reduction of greenhouse gas emissions, to adaptation actions, and to global climate change efforts by ensuring obligations of the Republic of Albania to the UNFCCC are being met. It establishes a comprehensive legal and inter-institutional framework for climate action at the national level in line with EU regulations. It also recognises the climate emergency.</p> <p>The law regulates greenhouse gas emissions from stationary and mobile sources, by products and substances, and the conditions for capture and geological deposition of carbon dioxide. It further sets a monitoring, reporting and verification framework on GHG emissions at the sectoral/resource level.</p>
<p><b>BiH</b></p>	<p>Not yet adopted</p>
<p><b>Montenegro</b> Law on Protection from the Negative Impacts of Climate Change (2019)</p>	<p>This law sets the legal framework for adaptation and mitigation actions in the country, as well with regard to the protection of the ozone layer. It further lays out a strategy for low-carbon development and a climate change adaptation plan.</p>
<p><b>North Macedonia</b></p>	<p>Not yet adopted</p>
<p><b>Serbia</b> Serbian Law on Climate Change (2021)</p>	<p>This document constitutes Serbia's framework climate law and provides the following: defines the rules to organise the system limiting GHG emissions in a cost-effective manner; defines the rules to organise adaptation policies; mandates the adoption of a low-carbon development strategy, an action plan for the implementation of the strategy, a monitoring and reporting system, a program of adaptation (art 6) and an "Adjustment Program" (art 14); establishes the National Council for Climate Change as an advisory body to the Government; establishes a National GHG Inventory System (art 57) and defines its functioning (title V); establishes a system for reporting on GHG policies and measures and projections (title VII).</p> <p>Title III of the law further details mitigation policies to be implemented, namely 1) the implementation of the Clean Development Mechanism (art 18), and 2) making data on fuel consumption and CO<sub>2</sub> emissions of new passenger vehicles available (art 19 to 24).</p> <p>Title IV details the monitoring, reporting and verification rules that are implemented with regard to industrial plants (art 25 to 32 and 37 onward) and aviation (art 33 onward). The provisions related to the aviation sector shall apply from January 1st, 2023 (art 77). Article 56 stipulates that the Ministry shall make reports on gas emissions available to the public in accordance with the regulation governing access to information of public importance.</p> <p>Title XI sets further provisions the obligations to display information to consumers set in art 20 to 23.</p> <p>Title VI on GHG emissions projections states that the Ministry shall prepare projections of anthropogenic GHG emissions from sources and their removal as a basis for determining and assessing the possibility of limiting GHG emissions, adopting policies and measures for economically viable limiting GHG emissions, and monitoring the achievement of GHG emission limits.</p> <p>Title VIII sets the taxation rules applying to operators seeking emission permits.</p> <p>Title IX attributes overseeing responsibilities to specific ministries and directorates.</p> <p>Title X details economic penalties for infringing on the newly-established permitting regulations.</p>





**10. Annex 3: Policy and Regulations Search - Climate Change Laws of the World**

<b>Albania</b>	<p><a href="#">Regulation No. 460/2022 on the approval of the Strategy for Agriculture, Rural Development and Fishing 2021-2027</a></p> <p><a href="#">National Energy and Climate Plan 2021</a></p> <p><a href="#">Economic Reform Programme 2021-2023</a></p> <p><a href="#">National Integrated Waste Management Plan 2020-2035</a></p> <p><a href="#">National Adaptation Planning (NAP) to Climate Change in Albania 2019</a></p> <p><a href="#">National Strategy of Energy 2018-2030</a></p> <p><a href="#">Integrated Cross Sectorial Plan for the Tirana-Durres Region 2017</a></p> <p><a href="#">Integrated Cross Sectorial Plan for the Coastal Belt 2017</a></p> <p><a href="#">Albania National Action Plans on Renewable Energy 2016</a></p> <p><a href="#">National Spatial Plan, Albania 2030 2016</a></p> <p><a href="#">Decision of the Council of Ministers (DCM) no. 519 "On the approval of the Market Model of the Power Sector" 2016</a></p> <p><a href="#">National strategy for development and integration 2015-2020</a></p> <p><a href="#">Regulation No. 865 on the reduction and stabilisation of discharges of fluorinated greenhouse gases 2014</a></p>
<b>Bosnia and Herzegovina</b>	<p><a href="#">National Adaptation Plan 2021</a></p> <p><a href="#">Climate Change Adaptation and Low Emissions Growth Strategy by 2035 2020</a></p> <p><a href="#">Climate Change Adaptation and Low Emissions Growth Strategy by 2035 2020</a></p>
<b>Montenegro</b>	<p><a href="#">Decree on activities which emit greenhouse gases 2021</a></p> <p><a href="#">Climate Resilience Strategy and Action Plan 2019</a></p> <p><a href="#">National Strategy for Sustainable Development to 2030 2016</a></p> <p><a href="#">National Strategy with Action Plan for transposition, implementation and enforcement of the EU acquis on Environment and Climate Change 2016-2020 2016</a></p> <p><a href="#">National strategy in the field of climate change by 2030 2013</a></p> <p><a href="#">Energy policy of Montenegro until 2030 2011</a></p> <p><a href="#">National Forestry Policy 2008</a></p>
<b>North Macedonia</b>	<p><a href="#">National Strategy on Agriculture and Rural Development 2021-2027 2021</a></p> <p><a href="#">Growth Acceleration Plan 2022-2026 2021</a></p> <p><a href="#">Energy Development Strategy until 2040 2020</a></p> <p><a href="#">Energy Development Strategy 2015</a></p> <p><a href="#">Action Plan on Renewable Energy Sources 2015</a></p> <p><a href="#">Law on Environment 2005</a></p>
<b>Serbia</b>	<p><a href="#">Low Carbon Development Strategy 2023-2030</a></p> <p><a href="#">Circular Economy Development Program 2022-2024</a></p> <p><a href="#">Waste Management Program 2022-2031</a></p> <p><a href="#">Energy Sector Development Strategy 2015-2025</a></p> <p><a href="#">Regulation Establishing the Methodology for Determining the Preparation of Preliminary Flood Risk Assessment 2011</a></p>

