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Aseda Banushaj

University of Tirana, asedabanushaj@feut.edu.al

Gentian Picari

gentianpicari@yahoo.com

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A PEST analysis for some of the Western Balkans countries towards Green Economy

Aseda Banushaj¹, Gentian Picari²

¹University of Tirana, Faculty of Economy, Albania
asedabanushaj@feut.edu.al

²PhD student, Director of Regional Coordination Center at Albanian Development Fund
gentianpicari@yahoo.com

Abstract. The Green economy refers to an economic system that aims to promote sustainable development, reduce environmental impact, and ensure the efficient use of resources. In the case of the Western Balkans region, there are several key aspects to consider regarding the green economy like renewable energy, energy efficiency, sustainable agriculture, circular economy green Infrastructure, education and research. It is essential for governments, businesses, and civil society in the Western Balkans to collaborate and prioritize the development of policies, incentives, and investments that promote the green economy. Such efforts can not only drive economic growth but also preserve the region's natural resources and contribute to a more sustainable future.

The Green Agenda for the Western Balkans has the potential to drive the transition towards a Sustainable, carbon-neutral economy oriented towards planetary health and human well-being.

The goal of the Agenda, which comes as part of a 9 billion euro Economic and Investment Plan for Western Balkans, is to stimulate the economies in the Western Balkans by bringing region in accordance with EU environmental standards and climate objectives, reducing corruption and strengthening democracy

The Green Agenda and the Economic Investment Plan must be aligned with the EU's environmental and climate objectives. It should also strengthen environmental protection, it should also improve vulnerable groups and contribute to tackling the root causes of inequality. In particular, it focuses on women, the young and the elderly, low-income and rural groups.

The region has shown a poor record in implementing the EU environmental acquis and state aid legislation, even under binding instruments such as the Energy Community Treaty. We therefore emphasize that the Green Agenda in its current format lacks sufficient emphasis on legal enforcement that would ensure its integrity.

Through a PEST analysis we will see the political, economic, social, technological constraints and barriers in the countries of the Western Balkans (Albania, Serbia, Bosnia Herzegovina, North Macedonia, Montenegro). Kosovo is not included in the analysis due to lack of data. On the other hand, Croatia was left out of the analysis due to its greater development compared to other countries, not allowing a balanced comparison.

At the end of the paper, we will give some recommendations for a better progress in accordance with the objectives of the Green Agenda towards green growth.

Keywords: Green Economy, Green Agenda, Western Balkans, PEST analysis, carbon-neutral economy

Jel Code: Q55, Q56, Q57, Q5

Introduction:

The concept of a green economy is closely linked to sustainable development, which seeks to balance economic, environmental, and social objectives. Achieving a green economy requires collaboration among governments, businesses, civil society, and individuals to transition to a more sustainable and environmentally responsible way of living and conducting business. The aim is to ensure that economic growth and prosperity are not achieved at the expense of the planet's health and future generations' well-being.

The concept of a green economy is relevant and important in the Western Balkans, just as it is in other regions of the world. The Western Balkans is a region in Southeastern Europe consisting of several countries, including Albania, Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, North Macedonia, and Serbia. Like many parts of the world, the Western Balkans faces environmental challenges and opportunities related to sustainable development and the transition to a green economy. Here are some key considerations for the green economy in the Western Balkans:

Environmental Challenges, Energy Transition, Sustainable Agriculture, Circular Economy, Biodiversity Conservation, Green Infrastructure, International Cooperation, Economic Diversification, Policy and Regulation, Education and Awareness.

The Western Balkans, like many regions, faces a unique set of challenges and opportunities when it comes to transitioning to a green economy. International cooperation, investment, and a commitment to sustainable development can contribute to the region's progress in achieving environmental and economic sustainability goals. Additionally, local and regional efforts should consider the specific needs and circumstances of each country in the Western Balkans.

The Western Balkans has been undergoing a process of European integration, with the European Union (EU) as its main partner. As part of the EU's enlargement policy, the Western Balkans has been granted access to the Single Market, financial support and other resources. One of the major challenges for the Western Balkans is to achieve sustainable economic growth while reducing corruption and strengthening democracy. The Green

Agenda for the Western Balkans, which comes as part of a 9 billion euro Economic and Investment Plan for the region, is designed to stimulate sustainable economic growth by bringing the region in line with EU environmental standards and climate objectives. The purpose of this paper is to explore the potential of the Green Agenda for the Western Balkans and to identify the challenges and opportunities for its implementation. The Green Agenda for the Western Balkans is a policy framework aimed at aligning the region with the EU's environmental and climate objectives. The agenda is based on three main pillars: environmental protection, social inclusion, and economic development. The environmental protection pillar aims to promote sustainable development and protect the natural environment, while the social inclusion pillar seeks to improve the lives of vulnerable groups, such as women, the young, the elderly, low-income and rural groups. The economic development pillar focuses on stimulating sustainable economic growth and creating new job opportunities.

Challenges:

The Western Balkans faces several challenges in implementing the Green Agenda. Firstly, the region has a poor record in implementing EU environmental and climate legislation. Secondly, the region is facing economic challenges, with high unemployment rates and low levels of economic development. Thirdly, the region lacks the necessary infrastructure and technical expertise to implement the Green Agenda effectively. Fourthly, there is a lack of political will and commitment to environmental protection, which poses a significant challenge to the implementation of the Green Agenda.

Opportunities:

Despite the challenges, the Green Agenda for the Western Balkans presents several opportunities. Firstly, the implementation of the Green Agenda could help to stimulate sustainable economic growth and create new job opportunities. Secondly, it could help to protect the natural environment and promote sustainable development. Thirdly, the Green Agenda could help to improve the lives of vulnerable groups, such as women, the young, the elderly, low-income and rural groups. Fourthly, it could help to align the region with EU environmental and climate objectives, which could facilitate the region's European integration process.

A PEST analysis is a framework for identifying and analyzing the political, economic, social, technological, factors that may affect the implementation of the Green Agenda for the Western Balkans.

Political factors: The political environment in the Western Balkans is characterized by a history of conflict and instability, which has hindered the region's economic development and European integration process. The political situation in the region is also marked by a lack of political will and commitment to environmental protection, which poses a significant challenge to the implementation of the Green Agenda.

Economic factors: The Western Balkans is facing several economic challenges, including high unemployment rates, low levels of economic development, and a lack of investment in infrastructure. The implementation of the Green Agenda could help to stimulate

sustainable economic growth and create new job opportunities, but the region lacks the financial resources to implement the Green Agenda effectively.

Social factors: The Western Balkans is characterized by a diverse population, with significant differences in language, culture, and religion. The region is also home to vulnerable groups, such as women, the young, the elderly, low-income, and rural groups. The implementation of the Green Agenda could help to improve the lives of these vulnerable groups, but the region lacks the necessary social infrastructure to support their development.

Technological factors: The Western Balkans is lagging behind in terms of technological development, with a lack of investment in research and development. The implementation of the Green Agenda could require significant technological upgrades, such as the development of renewable energy sources and the implementation of energy-efficient technologies. The region may need to rely on external partners for technological support.

Overall, the PEST analysis highlights several challenges and opportunities for the implementation of the Green Agenda for the Western Balkans. While the region faces significant political, economic, social, technological, environmental, and legal challenges, the implementation of the Green Agenda presents opportunities for sustainable economic growth, environmental protection, and social inclusion. The region may need to rely on external partners for financial and technological support to implement the Green Agenda effectively.

Results of analysis and comparison

SERBIA

In the case of Serbia's green agenda, the following PEST analysis can be conducted:

- **Political factors:**

Serbia's government has made a commitment to sustainable development and has implemented policies to support the green agenda. However, the country still faces challenges related to corruption, bureaucratic red tape, and political instability.

- **Economic factors:**

Serbia's economy has been growing in recent years, but the country still faces high unemployment and poverty rates. The green agenda could provide new opportunities for economic growth and job creation through the development of renewable energy and sustainable agriculture.

- **Sociocultural factors:**

Serbia's population is generally supportive of environmental protection, but there are also cultural attitudes that prioritize economic development over environmental concerns. Education and awareness campaigns can help shift attitudes towards greater sustainability.

- **Technological factors:**

Serbia is relatively underdeveloped in terms of technology and infrastructure for renewable energy and sustainable transportation. However, there are opportunities for innovation and investment in these areas.

Overall, the green agenda in Serbia has both opportunities and challenges. The government will need to continue to prioritize sustainability and work to overcome obstacles in order to achieve its goals.

ALBANIA

In the case of Albania's green agenda, a PEST analysis could be conducted as follows:

- Political:

Albania's government has demonstrated a commitment to sustainability and green initiatives, including the development of a National Strategy on Climate Change and the ratification of the Paris Agreement.

However, political instability and corruption have been ongoing issues in Albania, which could hinder progress towards a green agenda.

- Economic:

Albania is classified as an upper-middle-income country, but economic growth has been slow in recent years.

Investment in green infrastructure and renewable energy could create new job opportunities and stimulate economic growth.

However, the costs associated with implementing green initiatives may be a challenge for the country's budget.

- Sociocultural:

Albanians have a strong connection to their natural environment, with a culture that values traditional agricultural practices and respect for the land.

Public awareness and support for green initiatives are growing, but there may be resistance to change from those who rely on industries that are harmful to the environment.

- Technological:

The adoption of new technologies such as renewable energy sources and energy-efficient building design could play a crucial role in the green agenda.

However, the country's technological infrastructure may not be advanced enough to support the implementation of these initiatives.

Overall, Albania has the potential to make significant progress towards a green agenda, but there are also challenges that need to be addressed. Policymakers will need to balance economic and environmental concerns while navigating political and social obstacles to achieve their goals.

NORTH MACEDONIA

In the case of the green agenda in North Macedonia, a PEST analysis can be done as follows:

- Political factors:

The political factors in North Macedonia can have a significant impact on the implementation of the green agenda. The government's willingness to prioritize

environmental issues, create policies and regulations that promote sustainable development, and allocate sufficient resources for the implementation of the green agenda can affect its success.

- Economic factors:

The economic factors that can affect the green agenda in North Macedonia include the availability of funding for environmental projects, the cost of renewable energy, and the level of investment in the green economy. The country's economic stability and level of development can also impact the feasibility of implementing green policies.

- Social factors:

The social factors that impact the green agenda in North Macedonia include the level of environmental awareness and activism among the general population. The willingness of individuals to adopt eco-friendly practices can also affect the success of the green agenda.

- Technological factors:

Technological advancements in renewable energy and other green technologies can play a significant role in the implementation of the green agenda in North Macedonia. The availability and affordability of such technologies can make or break the adoption of green practices.

Overall, a PEST analysis can help identify the external factors that may impact the green agenda's implementation in North Macedonia. By understanding these factors, policymakers and businesses can take steps to address them and promote a sustainable future for the country.

MONTENEGRO

When considering the green agenda in Montenegro, the following PEST factors should be taken into account:

- Political factors:

Political landscape in Montenegro plays a crucial role in the green agenda. Government policies, regulations, and incentives can encourage or discourage businesses and individuals from adopting environmentally-friendly practices. Montenegro has made some strides in this area, such as the adoption of the National Renewable Energy Action Plan and the implementation of energy efficiency measures.

- Economic factors:

The economic factors that impact the green agenda in Montenegro include the availability of resources, funding, and investment opportunities. Montenegro has a small economy and limited resources, so funding and investment in green initiatives may be challenging. However, Montenegro has received support from international organizations, such as the European Union, to support its efforts.

- Social factors:

Social factors, such as public awareness and education, can influence the adoption of environmentally-friendly practices. Montenegro has a relatively low level of public awareness about environmental issues, but there is a growing interest in green initiatives and sustainability.

- Technological factors:

Technological advancements can facilitate the implementation of green initiatives. Montenegro has a limited technological infrastructure, but there are opportunities for innovation and adoption of new technologies to support the green agenda.

Overall, while Montenegro faces some challenges in adopting a green agenda, there are also opportunities for progress and innovation in this area. By considering these PEST factors, policymakers and stakeholders can develop effective strategies to support sustainability and environmental protection in Montenegro.

BOSNIA AND HERZEGOVINA

Here's how PEST analysis applies to the green agenda in Bosnia and Herzegovina:

- Political:

The political instability in the country could be a barrier to the implementation of the green agenda.

The government's willingness and ability to implement policies that promote sustainability could affect the green agenda's success.

- Economic:

The country's economy heavily relies on fossil fuel-based industries such as coal mining and thermal power plants.

A shift towards green industries could lead to job losses and economic instability in the short term.

Access to funding for green initiatives could be limited due to the country's economic situation.

- Social:

The general public's awareness and willingness to adopt sustainable practices could impact the success of the green agenda.

There could be resistance to change among individuals and communities, especially those who rely on fossil fuel-based industries for their livelihood.

- Technological:

Access to advanced technologies that promote sustainability could be limited due to the country's economic situation.

The lack of technological infrastructure in certain areas could hinder the implementation of green initiatives.

In summary, Bosnia and Herzegovina faces several challenges in implementing a successful green agenda, including political instability, a heavy reliance on fossil fuel-based industries, limited access to funding and technology, and inadequate environmental regulations. However, there are opportunities for progress, such as raising public awareness and increasing government commitment to sustainability.

Discussions and Recommendations

The Green Agenda for the Western Balkans has the potential to drive the transition towards a sustainable, carbon-neutral economy oriented towards planetary health and human well-being.

However, the implementation of the Green Agenda faces several challenges, including a lack of political will, poor record in implementing EU environmental and climate legislation, and lack of necessary infrastructure and technical expertise.

To address these challenges, greater political will and commitment, focus on infrastructure and technical expertise development, greater cooperation and coordination, and exploration of innovative financing mechanisms are recommended.

By addressing these challenges and seizing the opportunities presented by the Green Agenda, the Western Balkans could achieve sustainable economic growth while protecting the natural environment and promoting social inclusion.

To address the challenges and seize the opportunities presented by the Green Agenda for the Western Balkans, several recommendations are proposed.

Firstly, there is a need for greater political will and commitment to environmental protection at both the national and regional levels.

Secondly, the region should focus on developing the necessary infrastructure and technical expertise to implement the Green Agenda effectively.

Thirdly, there is a need for greater cooperation and coordination between the Western Balkans and the EU in implementing the Green Agenda.

Fourthly, the region should explore innovative financing mechanisms to support the implementation of the Green Agenda.

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