

THE ROLE OF THE CHAMBER IN PROVIDING SUPPORT MECHANISMS FOR GREEN TRANSITION

Vienna, December 13th 2022 Msc. Milena Rmuš

WHY GREEN TRANSITION?



• Green economy is macroeconomic approach focusing on investing in green economic activities, infrastructure and skills.

• High increase of interest for the green economy is mainly result of :

1. Crisis in economy (fuel and food crises, financial crises etc.) and global environmental problems followed by climate crisis that come from excessive depletion of resources and continuous deterioration the state of ecosystems

2. Social crises and wave of unemployment, which affected many developed countries, and that require immediate solutions for recovery

• It is an economic "engine" towards achieving sustainable development which can influence the increase of income and employment while simultaneously reducing the risk to the environment.

PRIVATE SECTOR IN GREEN TRANSITION

Engagement of private sector is necessary due to its unprecedented role as main linkage in promoting resource efficiency and green economy.

3 Ds of Green economy

Dematerialization, Detoxification, decentralization

Green business in practise: product differentiation, minimizing waste, minimizing resource input (raw virgin materials especially), minimizing use of hazardous materials,, improving environment, adding value to society and people

Green as innovation in business: processes, product/service, value chains, input and materials, recycling and reuse



NEGOTIATION CHAPTER 27 FOR MONTENEGRO

- What is being negotiated?
- Opening and final benchmarks
- Key challenges
- The assessment of financial needs is at the level of €483,076,838.

The structure of funding sources:

1. State budget (25%),

2. Investments by public companies (26%), primarily in projects in the field of waste and waste water management;

3. Investments by business companies (31%), whose participation in the source structure is the largest (where a part of these funds will also be secured by withdrawing loans from commercial banks).

- 4. Investments from pre-accession support funds IPA (15%);
- 5. Investments by other donors (3%)



TOWARDS A GREENER WESTERN BALKANS IMPORTANCE OF REGIONAL COOPERATION



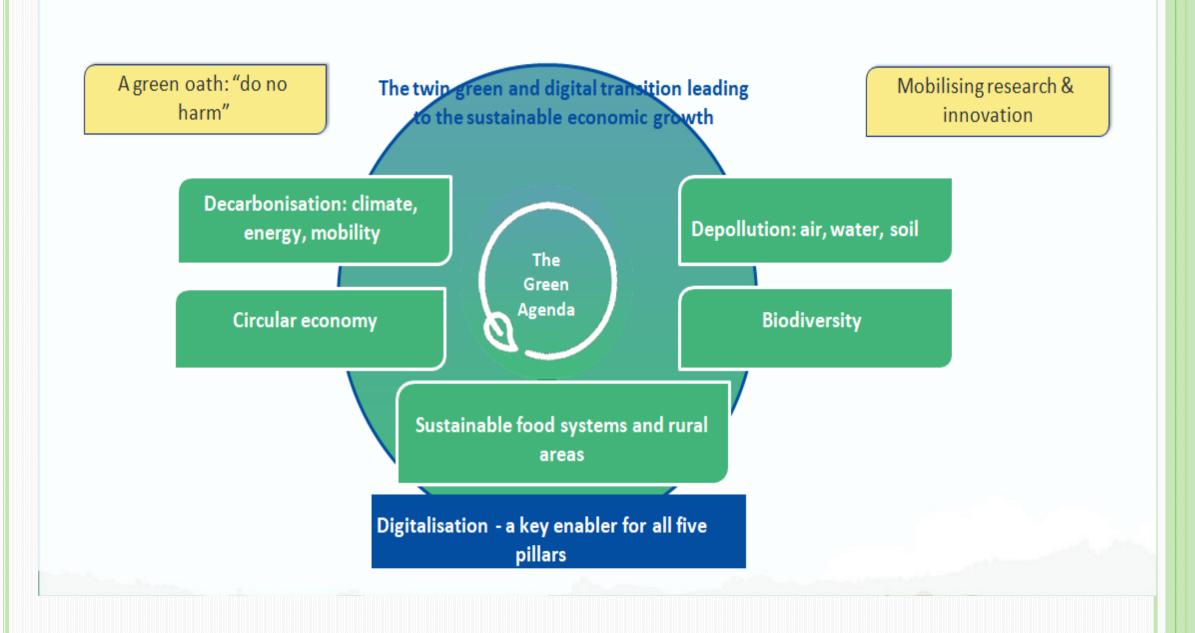
- The Green Agenda for the Western Balkans is new growth strategy for the Region, leaping from traditional economic model to a sustainable economy.
- The five-pillar agenda relies on regulatory reforms in the region to align it with the ambitions of the EGD, as well as relevant investments
- GAWB remains the top priority of the Economic and Investment Plan (EIP) with 9 billion in grants. In particular, the EIPWB will focus on:

1. Infrastructure links for transport and energy connections, market integration and cross-border trade in the region and with the EU

2. Green and digital transition

- 3. Competitiveness of the private sector with special attention to innovation
- Potential for substantial investments of private sector in Montenegro:
 - 1.Investing in natural capital agriculture, fisheries, water, forestry

2.Investing in energy and resource efficiency - renewable energy, cities, waste, buildings, transport, tourism and manufacturing



DECARBONISATION – LOW CARBON DEVELOPMENT

•Renewable energy sources represent the greatest potential of energy development in Montenegro.

•Hydropower is dominantly used, but lately the emphasis has been placed on solar and wind energy.

•Ensure secure energy supply, development of sustainable and competitive energy market

Increase the use of clean energy and build a sustainable and diversified energy sector by creating a favourable business environment for private investments
New law on renewable energy sources
Smart cities and sustainable transport
Valorisation of bio waste, biomass residues and by-products
Private initiatives on local level Green construction – need or a trend? -Introduction and use of sustainable and circular materials in construction -Multifunctional buildings and modernization for the built environment -Energy efficiency in buildings – Privatepublic partnership -Net-zero buildings



GraspINNO



Full Title: Transnational model, strategies and support solutions for innovative clusters and business striving networks for "green" development, with a focus on "green" e-procurement in energy efficiency and renewable energy sources for energy renovation of public buildings Axis 1: Priority Promoting Mediterranean innovation capacities to develop smart and sustainable growth

Programme SO 1.1: To increase transnational activity of innovative clusters and networks of key sectors of the MED area

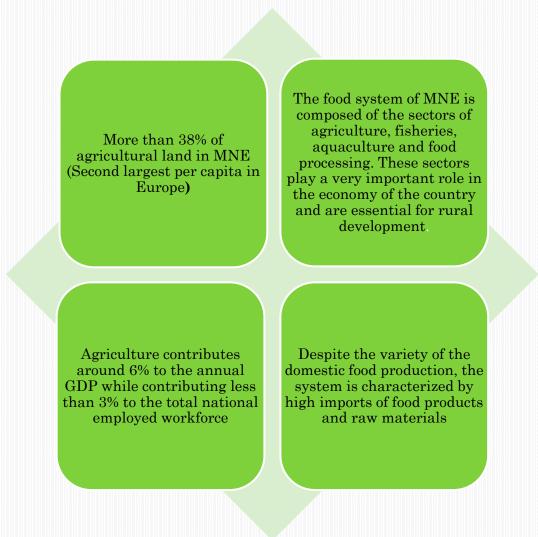
Participating countries: Greece, Italy, Slovenia, France, Cyprus, Spain and Bosnia and Herzegovina

Target groups

- 1) SMEs in the MED territories
- 2) Business support organizations
- 3) Academies and technological institutions
- 4) Local institutions
- 5) Regional institutions
- 6) National institutions
- 7) Local policy makers
- 8) General public



SUSTAINABLE FOOD SYSTEM AS PRIORITY AREA FOR ECONOMIC DEVELOPMENT

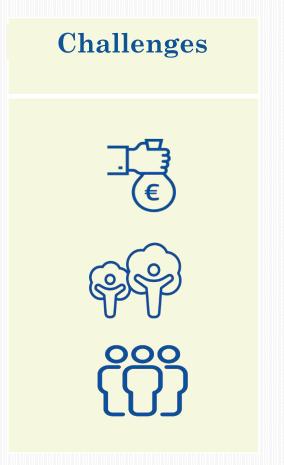


IPARD 3 measures for Montenegro as financial tool for GAWB – 63 millions in grants for 2021-2027

Smart specialization S3- Strengthening the value chain of organic production and development of new agricultural products



ESTABLISHING SUSTAINABLE RURAL AREAS AND FOOD PRODUCTION



- Aligning with EU standards
- Strengthening the sanitary controls to ensure food safety
- Promoting environmentally friendly and organic farming -Organic, local and healthy food production with eco-friendly practices
- Farm to fork change the way of food production and consumption
- Supporting cooperation to facilitate transfer of innovative & environmentally friendly technologies
- Reducing waste in rural areas
- Implementing sustainable development of rural areas
- Ecotourism and ecosystem services a rural development opportunity
- Urban farming
- Enchasing industrial symbiosis
- Valorisation of bio waste, biomass residues and by-products

DIGITAL MANAGEMENT OF MUNICIPAL LAND

Regional development partnership project financially supported by the German Ministry for Economic Cooperation and Development through the develoPPP.de program and GIZ The aim of the project is to improve the capacity of local self-governments for digital land management in Serbia, BiH and Montenegro. Expected results: \checkmark modernization of municipal services and procedures for municipal land management in 10 selected pilots in Serbia, BiH and Montenegro;

✓ improved data collection and monitoring of agricultural land use in selected local governments;

✓ increased satisfaction and number of tenants (users) of agricultural land;

Target groups:
✓ local self-government pilot;
✓ local farmers (tenants) and agricultural companies
✓ Ministry of Agriculture, Forestry and Water Management



BLUEfasma



Full Title: Empowering innovation capacity of SMEs, maritime clusters and networks in MED islands and coastal areas to support blue Circular Economy (CE) growth in fishing/aquaculture **Priority Axis 1:** Promoting Mediterranean innovation capacities to develop smart and sustainable growth

Programme SO 1.1: To increase transnational activity of innovative clusters and networks of key sectors of the MED area

14 partners

9 countries from the Mediterranean

THE BLUEFASMA PARTNERSHIP





Enhance innovation capacities of SMEs and maritime clusters and networks by 1) transferring knowledge, 2) recording their level of circularity and 3) supporting Financing

Improve transnational cooperation and deep

networking among Partners, SMEs and maritime clusters and networks facilitating the transfer of replicable results **Capitalise** on BLUEfasma Testing & Transferring results and other projects' achievements, aiming to shift existing fishing/aquaculture policies towards CE innovation

SMEs and enterprises in involved MED territories

Business support organisations Academia and technological institutions

EU structures (e.g. DG MARE, DG GROWTH, DG REGIO)

General public

Local/Regional/National Public Authorities

Local policy makers



MOVING TO A CIRCULAR ECONOMY

- The transition to a circular economy requires a systemic change and is to be understood as a continuous process
- Circular economy is one of fundamental building blocks of EGD
- EU Circular Economy Action Plan- future-oriented agenda for regulatory harmonization, streamlining and synchronization of legislative activities
- The Circular Economy Roadmap for Montenegro has been developed in order to facilitate what is perceived as one of the underlying principles for the future development of Montenegro
- Draft of National Strategy for Circular Transition until 2030. with Action plan for 2023-2024
- Circular change is possible only through a multidisciplinary approach that includes all interested parties in society
- The private sector will play a key role, bearing in mind that it will lead the circular transition.
- Moving towards circularity will require a level of partnership and collaboration from government regulators and decision makers, private sector leaders and consumers. Comprehensive action is needed because of the complexity of value chains, the systemic and multi-disciplinary nature of the technologies and their high development costs, and the cross-sectoral nature of the problems to be addressed.

UNLOCKING THE POTENTIAL OF CIRCULAR ECONOMY

- Strategic documents in Montenegro observe the circular economy through waste management lenses, focusing on recycling, landfill management and separate waste collection
- The need for resource efficiency is viewed only through the aspects of energy efficiency and waste-to-energy.
- Important aspects of the circular economy that have not been completely addressed in existing public policy.

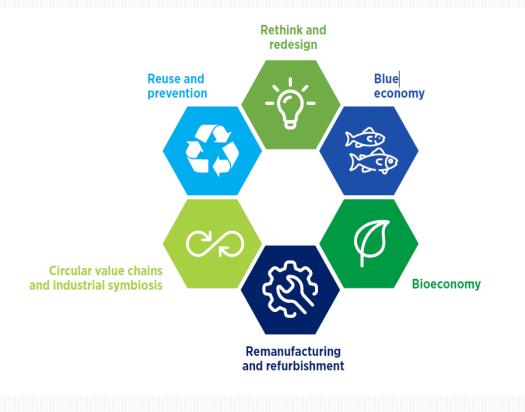
Circular thinking decouples economic activity from the consumption of materials and energy by creating closed-loop cycles in which waste is minimised or eliminated and resources are reused.

Circularity is much more than reducing environmental impact:

• A circular business model is a source of competitive advantage

• Investors and stakeholders are increasingly demanding strong ESG and sustainability credentials

• Circularity creates jobs and a new ecosystem of service providers



ROADMAP TOWARDS CIRCULAR ECONOMY

Purpose of the project:

 By creating a Roadmap we created a foundation that will be the basis for the transition to circular economy in the country, and ultimately contribute to reducing environmental pressure, strengthening security of distribution of raw materials, increasing competitiveness, innovation and growth and job creation in Montenegro.

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Project goals:

- identify the potential of the circular economy for Montenegro,
- assess priority sectors and horizontal areas
- identify barriers, and most importantly,
- involve all relevant actors in the constructive dialogue and co-creation of the Roadmap

mapa puta crne gore ka cirkularnoj ekonomiji

roadmap

towards circular economy in montenegro

Project context

What is the background of the project?

- The National Strategy for Sustainable Development until 2030 has explicitly recognized the importance of the transition to a circular economy.
- In order to support the transition to a circular economy in Montenegro, the Chamber of Economy, with the support of UNDP, and in partnership with Deloitte and Circular Change, jointly began the process of drafting the Roadmap in May 2021.

What is the circular economy

Circular economy is a system that, according to design and purpose, promotes that products, components and materials are kept at the highest level of utility and value at all times, distinguishing between technical and biological cycle. It retains resources in the system for as long as possible, extracting maximum value from them while they are in use, and then recovers and transforms products and materials into a new product at the end of its life. The economic basis for the transition to a circular economy is strong, as it increases the resilience of value chains and ensures supply stability.

CE activities private sector

Introduction of circular economy business models
Digitalization
Research and innovation
Focus on circular design
Incentives for circular frontrunners
Capacity building and support for preparation of circular economy projects
Circular implementation strategies/policies

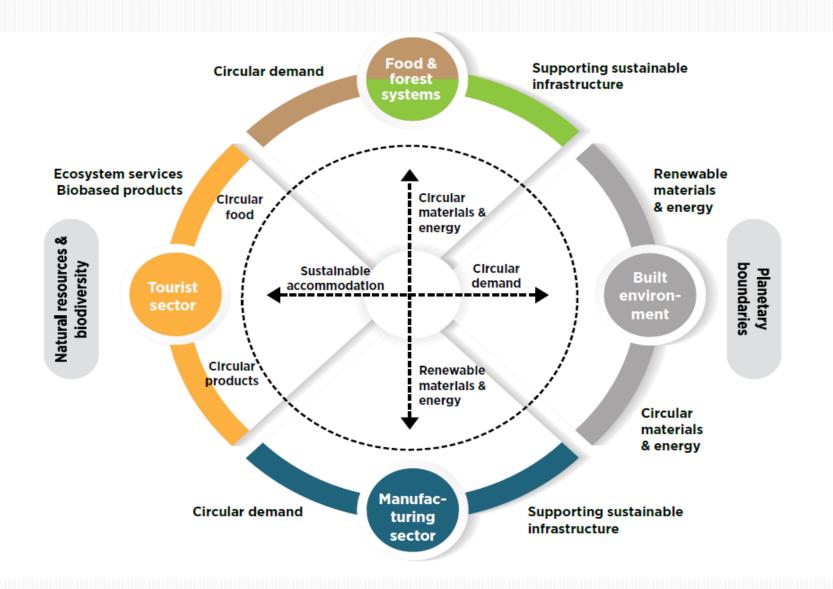
Drivers of CE in Montenegro

Resiliency and self-sufficiency
Innovation and economic
development
Unabsorbed green funding
Environmental protection and
restoration
Societal development and green
employment

Horizontal areas that enable circular transition



FOCUS AREAS OF CIRCULAR TRANSITION IN MONTENEGRO



WASTE MANAGEMENT – BUSINESS OPPORTUNITY

- Recycling has moved from being a green niche market to fundamental way to acquire raw materials. This growth is aided by technological innovation, rising disposal fees and growing scarcity of raw materials.
- The private sector typically adopts recycling when and where it makes economic sense. When recycling is a government program, however, it can be costly and can waste rather than save resources.
- Recycling is not a panacea for environmental problems and should be used where the economics benefits are favourable
- Recognizing waste as a resource
- Waste to energy opportunities

In Montenegro, in the last year, about 1% of municipal waste was recycled, although the set goal is higher than 20%.

The largest part of municipal waste is deposited in landfills, which should be the last solution in the hierarchy of waste



EFFECTIVE WASTE MANAGEMENT FOR CIRCULAR TRANSITION

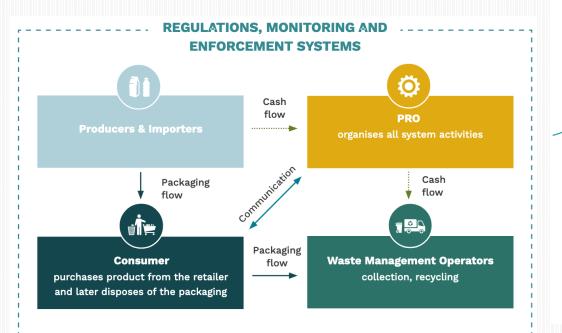
- New Draft Law on Waste Management
- Introducing concept of the extend producer responsibility (EPR) for different waste streams:
 - Waste from electrical and electronic equipment (WEEE),
 - End of Life Vehicles (ELV),
 - Batteries and accumulators
 - Tires
 - Packaging,
- Restrictions on certain single-use plastics
- Separate waste collection
- Effective primary selection system proper waste disposal and sorting
- To achieve circularity, steps need to be taken to prevent waste from being generated in the first place, and if waste nevertheless occurs, to be transformed into high-quality resources.
- Modernise waste management establishing proper recycling facilities and invest in modern waste management infrastructure.

EPR is an environmental policy approach based on obliging producers to assume full responsibility for their products, both during their useful life cycle (e.g. by stipulating compliance with certain health and safety standards) and during the end-of-life phase once the products and packaging become waste. EPR systems can be applied to a number of waste streams, but are not suitable for all types of waste.



EPR systems - Collective responsibility managed by an PRO

EPR represents a concept where producers and importers of products should bear a significant degree of responsibility for environmental impacts during the life cycle of their products. This should refer to: choice of product materials and packaging design; production processes and after product use and product disposal.





SUPPORT FOR PRIVATE SECTOR IN EPR INTRODUCTION

Integrated Waste Management and Marine Litter Prevention in the Western Balkans (MLP)

- Main actions for the private sector is support for SMEs and start-ups for reduction and recycling of plastic through:
- Technical consulting related to business models and market analysis
- Financing options for innovation
- Engagement of HoReCa sector in prevention and reduction measures for plastic waste trough Low Plastic Zone initiatives.
- Advisory and training on structural, regulatory and financing aspects of EPR

Study : Analysis of the state-of-play of packaging waste management,

- The primary objective of the project is to provide an analysis of the state-of-play of packaging waste management and step-by-step recommendations and solutions for the EPR implementation in Montenegro.
- Preliminary analysis of the key parameters for a potential implementation of DRS for beverage packaging, and the potential impact on the EPR implementation should the two systems co-exist in Montenegro.
- Step-by-step implementation aspects of the current Draft Law on Waste Management.
- Financial aspects for the EPR solution will include both initial systems' set-up costs, potential sources of financing, as well as operational costs over a 5year period from the go-live.
- Financial calculations will provide details on, amongst others, fees, material costs/income, and handing and logistics costs for different scenarios.

Project aims to establish centers (Beacons) that will circular trigger innovation and implementation in business and supply chain management. The goal of the project is to conduct a complex assessment of business needs and potential for systemic business cooperation regarding the transition to a circular economy in our region and to establish a regionally adapted process of implementing the framework for circular sustainable solutions in business. CEEB will enable launching of novel circular economy services for small and medium size enterprises.

One of the achieved results in Montenegro is creation of Circular transition path for company in metal sector.



WAY FORWARD – CIRCULAR CHANGE

- Harmonization of key national strategic documents and legal framework
- Green public procurement
- A monitoring system to enable transparency and traceability of resource and material flows
- From waste management to resource management
- Bridging the circular economy and bio-economy
- Circular investments and allocation of green funds
- Introducing financing for circular business models
- Circular transition strategies for specific sectors and municipalities



CIRCULAR ECONOMY HUB

- Established as a "one-stop shop" for different circular initiatives and solutions in the Chamber
- The HUB will be an open information platform for the dissemination of data, lessons learned, best practices and collected key indicators through intersectoral cooperation and dialogue and provide an opportunity to connect with hubs from other countries and enable exchange of good practices and know-how

FACILITATING THE CHANGE – GREEN FINANCING

- Private sector needs financial support for designing a new economic ecosystem and the green transition "green money".
- Necessary to provide sustainable sources of financing for green entrepreneurial ideas, research and piloting of new technologies
- An increasing number of financial institutions are creating and offering new banking products and services that are specifically intended for green investments and development of green business
- Green financing should be promoted primarily through changes in the regulatory framework of the country, by increasing investments in clean and green technologies, by financing green economies activities, and by increasing the use of green bonds

Green investments, among other things, include banking activities with special attention to ESG factors.

Principles for Responsible Banking of UN under umbrella UNEP Financial Initiatives



GREEN JOBS AND OPPORTUNITIES – STRENGTHENING GREEN SKILLS

- Green transition will affects the labour market, new occupations are already created and are going to be created, also some will be replaced, some will disappear completely, and some will be transformed and predefined.
- On labour markets there is already an growing demand for specialised green jobs
- The sectors with the greatest potential for creating new green jobs include: agriculture / production of organic food, mass transport, energy efficiency in construction, industry and the transport sector, waste management, Sustainable agriculture and forestry, various environmental services (environmental consulting, engineering, etc.).
- Rising green entrepreneurship and empowerment of green women entrepreneurship



Research and education

- Introducing the green economy into formal curricula across different academic fields to support the creation of green skills.

- Encourage collaboration between research community and industry

- Utilize new technological opportunities to innovate and contribute to the acceleration of the transition

- Increase awareness in the area of the green and sustainability.

THE FUTURE IS GREEN

- Green economy models are becoming more diverse
- Green consumerism trend green identity as main driver for green purchase



- Introducing new and improving existing environmental and natural resource protection policies such as the Eco-design Directive, the Energy Labelling Directive, the Eco Product Labelling Regulation or the Green Public Procurement Guidelines
- Rise of the Smart cities managing cities by using smart and green technologies
- Social and economic awareness of large multi-national companies to apply the principles of green production, transparent and consistent procurement, to use eco-design and promote green business and products
- Systemic approach Changes required for green transition imply involvement of all stakeholders in the society, with strong commitment of private sector, governments and civil society.
- Not just a trend, green economy is becoming the way and model of thinking and increasingly changes attitudes especially for the generations of young entrepreneurs and in that manner positively affects business models



THANK YOU

