



## **THE POLICY OF WESTERN BALKAN COUNTRIES ON ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT**

**Enida Zhugri (Istrefi), PhD**

Full time lecturer at Faculty of Business, Finance and Accounting Department,  
University "Aleksander Moisiu" Durrës, Albania  
[enida.istrefi@gmail.com](mailto:enida.istrefi@gmail.com)

### **Abstract**

*The idea of this paper is to present the policy of Albania and other WB countries towards financing the sustainable development goals. The methodology of this work is based on descriptive analysis of secondary data obtained from annual progress reports of financial institutions and organizations or from other studies of different authors in this field. In the case of the countries included in the study, there is always a debate about the financing method of Sustainable Development Goals as well as green finance instruments. As conclusions of the study we notice that some of the green finance instruments that can help WB countries in financing the SDGs are: green corporate loans; green and sustainable bonds; catastrophe insurance and agriculture insurance, but in the case of the countries of the Western Balkans, only green bonds have been used so far. This paper presents an empirical analysis based on some indicators related to sustainable development in the case of Albania and Green Bond in the case of Serbia.*

*Keywords: Sustainable Development Goals, Green bonds, European Union, Western Balkan countries, Green Economy*

*Note: This paper represents the contributory work of the author on a collaboration project for scientific research, financed by the UNWE under number НИД НИ-12-2021, named "Debt Instruments for Financing Sustainable Development in the EU."*

## INTRODUCTION

This paper aims to examine the goals of the Western Balkan governments and the Albanian government in accomplishing the Sustainable Development Goals, as well as the methods by which these nations finance these goals. The Sustainable Development Goals (SDGs) framework of the United Nations includes the countries of the Western Balkans. This study explain the process of creating a sustainable financing mechanism for the Sustainable Development Goals in the Western Balkans, especially in Albania.

Over the past decade, policymakers at both national and global levels have focused on the green economy. Many countries are implementing green economy strategies, policies, and programs as a necessary measure. Climate change is expected to pose significant challenges in the coming decades, including biodiversity loss and limited resources for future generations. To address these crises, countries can collaborate to develop standard policies and strategies, as current systems fail to balance environmental, social, and economic goals. The Western Balkan<sup>1</sup> countries, which include Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, participate in the United Nations' framework of Sustainable Development Goals (SDGs). In total, 193 countries have committed to achieving the 2030 Agenda for Sustainable Development, which was launched in 2015. One of the seventeen SDGs is to promote long-term, inclusive, and sustainable economic development.

To achieve the Sustainable Development Goals, countries must align them with their social, economic, and environmental priorities. The Albanian government faces challenges in accurately assessing financial costs and identifying financial options to achieve development objectives. Deficiencies in the costing process continue to hinder national strategy budgeting, making it challenging to identify public financial resources and calculate private contributions.

The strategy for Sustainable Development aims to achieve balanced and sustainable growth across the country's regions through two strategic objectives:

- ✓ Countries can promote sustainable development and competitiveness, reducing social and economic disparities throughout the country. Two programs will be implemented to achieve this goal: the National Program for Regional Development (NPRD) and Program Development for Disadvantaged Areas (PDDA).
- ✓ Develop an effective management framework for regional development by drafting the Law on Regional Development and establishing institutional structures to oversee regional policies.

---

<sup>1</sup> Kosovo is not part of United Nations' framework of Sustainable Development Goals

Mobilizing private finance for sustainable development is crucial for developing countries to meet increasing financing needs. Increased capital allocation from institutional investors in developing countries could help finance the Sustainable Development Goals, as they have the largest financing gaps. Furthermore, institutional investors typically have a long-term perspective due to the nature of their liabilities, and filling SDG financing gaps will necessitate patient capital (OECD, 2018). Institutional investors typically allocate funds across various financial instruments, such as government, corporate, or green bonds.

According to United Nations Development Program<sup>2</sup>, Albania, like other countries with similar income levels, has primarily funded the Sustainable Development Goals through public spending. However, sustainable development necessitates the participation of other actors in the domestic and international financing landscapes.

The purpose of this research is to examine the policies of Western Balkan nations, with a particular emphasis on Albania's economy and the financial tools that these nations employ to support the green economy.

## LITERATURE REVIEW

According to the United Nations Environment Programme (2011), a "green economy" is one that promotes human well-being and social justice while minimizing environmental impact. The green economy aims to reduce carbon emissions, improve energy and resource efficiency, promote economic growth, use natural assets sustainably, and support social development (International Chamber of Commerce, 2012). According to Diyar et al. (2014), sustainability refers to an economy that prioritizes well-being and employment through state and social investments, reduces environmental pollution, and optimizes energy and resource use while preserving the ecosystem.

Sustainable development primarily refers to the spatial dimension (Balla et al, 2023). The spatial element is important for two reasons: (1) local processes have global consequences, and (2) global trends cause local effects. Furthermore, environmental processes do not have the same uniform and smooth impact on all regions, but can have distinct, yet significant, regional consequences (De Graaf et al. 1999).

Gjaci (2023) suggests that the presence of challenging Sustainable Development Goals requires a shift in approach, focusing not only on increasing financial flows but also on reducing costs associated with achieving the Sustainable Development Goals.

---

<sup>2</sup> <https://www.undp.org/albania/press-releases/funding-financing-sdgs-uns-support-sdg-financing-programme-makes-strides-towards-sustainable-development-albania>

Hege & Brimont (2018) suggest that incorporating the Sustainable Development Goals into national budgeting processes is a key step towards integrating Agenda 2030 into national policies and implementing them. Costing the Sustainable Development Goals is critical to securing the investment and development assistance required to achieve them. This process can assist governments, donors, and international organizations in developing strategies to achieve specific SDG targets.

Support from government and multilateral aid institutions should be supplemented by private sector and market resources. Policymakers and private sector investors should work together to find innovative solutions. The European Green Deal sets clear goals and investment needs to transform the economy by 2050, making it a game changer for the region (Lukšić et al., 2022).

Currently, advanced countries can meet 90% of their investment needs, with the public sector covering only one-third of the financing needs and the private sector covering the rest. In developing and emerging countries, only 48% of SDG investment needs are met, despite comparable public and private financial flows. To match advanced countries, the share of private finance in these countries would need to double. (UNEPFI, 2018-10-11).

Economic development is one of the three pillars of sustainable development. It is a process that aims to maintain the current level of prosperity Grodzicki,(2023) . The next pillar is sustainable social development, which refers to an economy's ability to provide well-being for its citizens. The final pillar is environmental protection, with the primary assumption of preserving the natural environment. Environmental issues are critical to sustainable development. Throughout the development of nations, social and economic progress has frequently come at the expense of the natural system (Pearce et al., 2019).

### **Achievement of Sustainable Development Goals in Albania**

To achieve the Sustainable Development Goals (SDGs), the "SDG Acceleration Fund"<sup>3</sup> was established in April 2018 as a joint funding mechanism between the Government of Albania and the United Nations. The Fund aims to support integrated approaches across sectors and levels. The SDG Acceleration Fund's goal is to support the development and implementation of integrated activities to accelerate the achievement of SDGs in the priority areas listed in the National Strategy for Development and Integration 2015-2020. These activities can come from the governments of Member States of the United Nations, intergovernmental or non-governmental organizations, or private sources.

---

<sup>3</sup> More information here <https://mptf.undp.org/fund/al100>

Local governments have a significant impact on achieving SDG targets by managing forests, mitigating natural disaster risks (e.g., fires and floods), waste management, and sanitation. To promote effective resource utilization, it's crucial to have clear understanding of available resources and capacities, as well as transparent decision-making aligned with the local budget calendar. Local budgets are classified based on functional, economic, and programmatic criteria and align with the national budget. Local government budgets account for approximately 10% of the national budget and 3% of GDP.

Table 1. Relative weight of expenditures with insufficient information for an ex-ante tagging exercise

Items	Value in Mill ALL	Relative wage in %
<b>Local Budget Expenditure</b>	65.584,00	10%
<b>Reserve Fund</b>	6.600,00	1,0%
<b>Total National Budget Expenditures</b>	687.208,73	100%

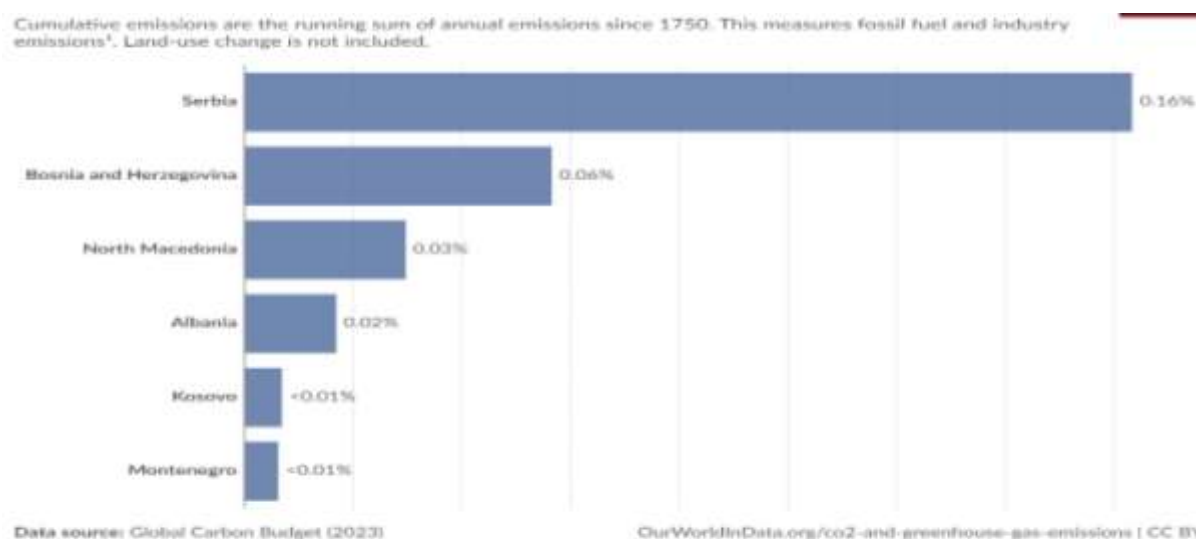
Source: Draft of 2023 public budget

A weighted matrix assesses the relevance and contribution of each budget program to SDG targets. This assessment is based on expert opinions in policy planning and budget programming. Albania prioritizes public investment in infrastructure (SDG 9), water and sanitation (SDG 6), education (SDG 4), and healthcare facilities (SDG 3). These sectors receive significant funding to meet the country's infrastructure needs, improve access to clean water and sanitation services, expand educational opportunities, and strengthen healthcare facilities. The Ministry of Tourism and Environment has approved a National Strategy, law, and action plans to address climate change. Albania signed two declarations at the Sofia Summit in November 2020 to support the European Union Green Deal. These include the Western Balkan countries on the Green Agenda and the creation of a Common Regional Market. The goal is to make the economy sustainable and climate-neutral by 2050 through comprehensive political and financial initiatives and reforms. To ensure proper implementation of green economy programs, public institutions must be strengthened to remove institutional barriers, protect the environment, and reconcile socioeconomic goals. According to Agenda for Sustainable Development<sup>4</sup>, Albania aims to achieve 17 goals and 169 targets. Albania considers the

<sup>4</sup> The Albanian government aims to achieve 17 goals and 169 targets under the 2030 Agenda for Sustainable Development. Despite numerous challenges, 9 out of 17 goals remain significantly difficult to achieve. Figure 1 displays Albanian SDG elements and Trends 2022.

working towards a “green economy” as fundamental. First, it is clear that the green economy does not replace sustainable development but should be considered as a new path to progress toward it, being instrumental for the reduction of environmental risks and ecological scarcities, as well as to the improvement of human well-being and social equity. In a green economy (which is low carbon and efficient natural resource), growth in income and employment should be driven by public and private investments, which reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services.

Figure 1. Share of Global cumulative CO<sub>2</sub> emissions for Albania



1. Fossil emissions: Fossil emissions measure the quantity of carbon dioxide (CO<sub>2</sub>) emitted from the burning of fossil fuels, and directly from industrial processes such as cement and steel production. Fossil CO<sub>2</sub> includes emissions from coal, oil, gas, flaring, cement, steel, and other industrial processes. Fossil emissions do not include land use change, deforestation, soils, or vegetation.

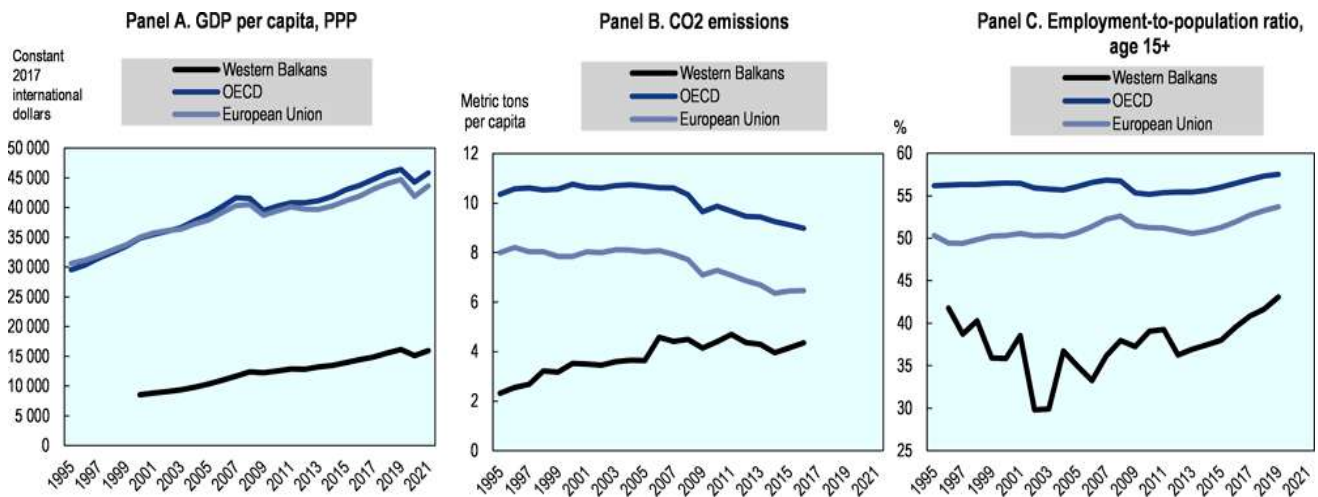
Source: Global Carbon Budget (2023),

<https://ourworldindata.org/co2-and-greenhouse-gas-emissions>

The World Bank reported that Albania's greenhouse gas (GHG) emissions in 2022 was low in comparison to regional peers because hydropower generates nearly all of the country's electricity and heavy manufacturing is limited. However, road traffic, inefficient heating systems (such as burning firewood and using outdated boilers), and agricultural activity are all significant GHG contributors that must be addressed. Rising incomes are likely to put additional pressure on emissions. In this context, climate action from both the government and the private sector is required to meet Albania's Nationally Determined Contribution (NDC) targets. Albania adopted the 2019-2030 National Climate Change Strategy in July 2019, with goals to be met by 2050.

The strategy emphasizes energy, transportation, agriculture, land use, and forestry. However, as noted in EU Accession Reports, Albania must take additional steps to meet its climate change commitments if it wishes to gain EU accession, as the EU has set new climate targets to achieve carbon neutrality by 2050 under the European Green Deal (EGD). Albania generates 99.5% of its electricity from hydropower (Eurostat, 2021). Albania imports roughly one-third of its electricity consumption from neighboring countries due to the variability of hydropower output caused by fluctuating rainfall patterns. Albania's high reliance on hydropower for electricity generation means it performs well in terms of energy efficiency and greenhouse gas (GHG) emissions: its energy intensity (2.5 GJ/USD 1 000 2015 PPP in 2019) is lower than the regional average (4.6 GJ/USD 1 000 2015 PPP) and the EU average. In fact, it is the lowest in the Western Balkans (IEA, 2021). Albania has the lowest per capita carbon dioxide (CO<sub>2</sub>) emissions in the Western Balkans and throughout Europe. In 2018, its per capita CO<sub>2</sub> emissions were only 1.5 t CO<sub>2</sub>, compared to a regional average of 4.4 t CO<sub>2</sub> and a European Union average of 6.1 t CO<sub>2</sub>. In terms of economic output, however, Albania's GHG emissions (0.27 t<sup>5</sup> CO<sub>2</sub> per unit of GDP [2015 USD]) continue to exceed the EU average (0.16 t CO<sub>2</sub> per unit of GDP) (IEA, 2021).

Figure 2. GDP per capita, CO<sub>2</sub> emissions, Employment in WB countries



Source: IMF (2021), World Economic Outlook Database

To overcome long-standing social, institutional, and environmental challenges, the region's potential must be developed through new sources of dynamism and transformation. Most regional economies experienced rapid growth and financial sector expansion in the decade preceding the global financial crisis of 2008. However, the crisis was followed by a

<sup>5</sup> Units -tones

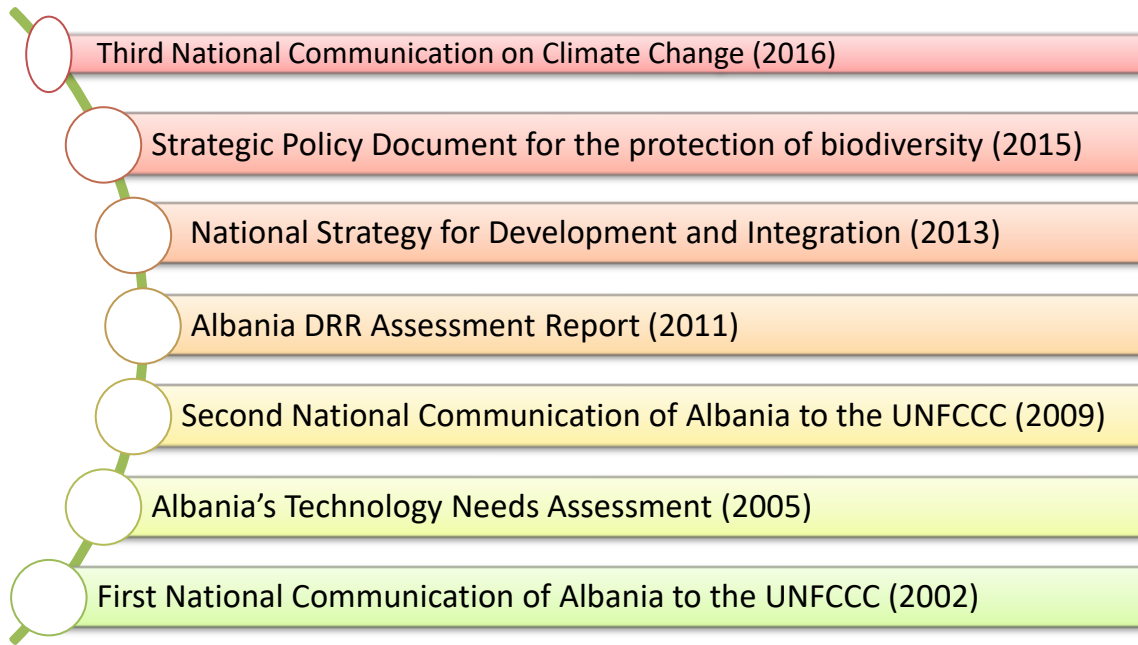
much more subdued economic rhythm, and the rate of growth has not been sufficient to achieve convergence with the EU and OECD averages in per capita terms (Figure 2). Labor markets have historically performed poorly, with some of the highest non-participation rates in the world, but have recently shown an increase (Figure 2). While emigration reduces employment pressures and generates remittances that benefit social welfare, it also causes brain drain and aging societies. Inefficient public spending frequently leads to poor educational outcomes and insufficient social safety nets. Heavy reliance on coal and other environmentally unsustainable practices is driving high air pollution and rising CO<sub>2</sub> emissions, both of which have a significant negative impact on people's well-being and health. Finally, formal rules frequently conflict with informal practices. The power of networks, as well as weaknesses in governance and institutions, must be addressed.

Along the same line, in the medium to long run, an effective green economy strategy will be a powerful drive for delivering growth, increasing employment and eradicating poverty. Government of Albania has adopted a good Policy Corpus on Environment and Sustainable Development. As integration into the EU is the main political objective of the country, national strategic framework has been developed in compliance with the objectives and targets of the EU policies and the Acquis Communautaire. This framework, summarized below (figure 3), is very important to ensure that both policy and legislation in Albania are compatible with the principles of sustainable development.

Figure 3. The principles of sustainable development







Source: "GREEN BUDGETING IN ALBANIA", Westminster Foundation for Democracy Limited (WFD), by Milieukontakt Albania Studio D – Development and Dialog, 2022

From the official data of the Ministry of Finance and Economy<sup>6</sup>, the budget of the Ministry of Tourism and Environment<sup>7</sup> in the last 4 years is given in the below table:

Table 2. The budget of the MoTE in the last 4 years

Programs	Budget 2019	Budget 2020	Budget 2021	Budget 2022
<b>Planning, Management and Administration</b>	231,040	203,000	198,000	222,000
<b>Environment Protection</b>	848,970	967,088	1,031,000	1,296,000
<b>Forest Administration</b>	837,330	576,812	502,900	588,500
<b>Tourism Development</b>	510,500	494,130	536,130	306,500
<b>Total for the MoTE</b>	<b>2,427,840</b>	<b>2,241,030</b>	<b>2,268,030</b>	<b>2,413,000</b>

<sup>6</sup> <https://www.financa.gov.al>

<sup>7</sup> Source: Law nr. 99/2018 On budget for 2019, Law nr.88/2019 On budget for 2020, Law Nr.137/2020 On budget for 2021, Law Nr.115/2021 On budget for 2022

Table 2 shows that the MoTE's total budget fluctuated from 2019 to 2022, with a decrease of 14,840 thousand ALL or 1% from 2019. If the budget for environmental protection and forest administration *directly impacts the green budget*, the situation is as follows:

- i. In 2022, the budget for environmental protection will increase by 447,030 ALL (66%).
- ii. The budget for the forest administration program in 2022 has been reduced by 248,830 thousand ALL (42% lower).

The budget for environment protection is lower than that for MoTE in both programs analyzed (Environment Protection and Forest Administration).

*The budgetary fund for Environment Protection serves as a direct fund for analyzing green budget levels over time.* It should be included in performance indicator assessments by the MoTE, commission of economy, commissions, or ad-hoc sub-commission for environment in the Albanian Parliament to meet NSDI and SDG targets and EU standards. The budget for environmental protection occupies an average of 0.21% of the total budget over a 4-year period, with a decreasing trend over time<sup>8</sup>.

- In 2019 it occupied 0.23% of the total budget
- In 2020 decreased in 0.22% of the total budget
- In 2021 decreased in 0.21% of the total budget
- In 2022 decreases in 0.18% of the total budget

In 2019, when the budgetary situation was normal, the planned budget for this function was 1,201,050 ALL. The budget for 2020 decreased to 1,197,088 thousand ALL due to the extraordinary situation created in 2019 (two earthquakes requiring reconstruction). The year 2019 saw the Covid-19 pandemic, so the budget cut is justified.

In 2021, despite a budget increase of 1,253,400 thousand ALL for this function, there is a 0.21% decrease compared to the total. In 2022, the budget experienced the largest drop in four years, totaling 1,171,120 thousand ALL, and accounts for only 0.18% of the total budget. According to the "Climate budget tagging in the Republic of North Macedonia" document, the Republic of North Macedonia budgeted 5.17% of total budget expenditures for the green budget in 2019. *Many countries around the world have developed macroeconomic policies in support of the Green Economy.* While Albania lacks a national green growth strategy, environmental protection funds are limited and have been decreasing in recent years, being more than four times lower than those of STEE (Seven Small Transition Economies of Europe).

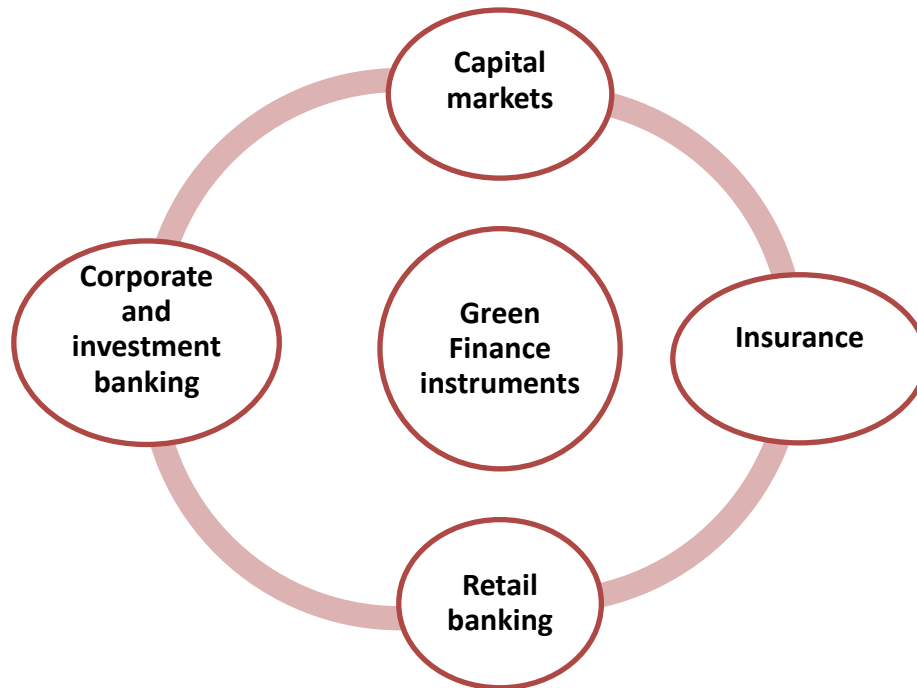
---

<sup>8</sup> **Green Budgeting in Albania**", Westminster Foundation for Democracy Limited (WFD), by Milieukontakt Albania Studio D – Development and Dialog, 2022

## Green finance instruments

Figure 4 presents some main instruments of Green Finance<sup>9</sup> that can help Western Balkan countries to develop the financial system and offers opportunities for the region. According to Western Balkans Regular Economic Report some of the green finance instruments that can help WB countries are: green corporate loans; green and sustainable bonds; catastrophe insurance and agriculture insurance.

Figure 4. Green Finance Instruments



Source: Western Balkans Regular Economic Report No.22 | Fall 2022

## Example of Green Bond issued in Serbia

The Government of the Republic of Serbia has adopted a Green Bond Framework, making it the first Balkan country to publicly commit to promoting ESG awareness and projects in climate change mitigation and environmental protection. Serbia's Green Bond Framework will allow it to access global capital markets in an ESG format. As a reminder, in early June of this year (2020), the government established an Interdepartmental Working Group on Green Bonds tasked with developing a Green Bond Framework following the International Capital Markets Association's standards (ICMA Principles). The Green Bond Framework outlines how funds raised through the issuance of green bonds will be used to finance green projects. Serbia is deeply committed to solving the numerous global challenges caused by climate change and

<sup>9</sup> [worldbank.org/eca/wbrer](http://worldbank.org/eca/wbrer)

pollution, such as flora and fauna extinction, endangered ecosystems, continuous waste growth, and natural resource scarcity. In light of such potentially devastating consequences, Serbia has joined global efforts to combat the threat of climate change by participating in global and regional initiatives to transition to a green economy.

Serbia expressed its commitment to implementing the Green Agenda by signing the Sofia Declaration on the Green Agenda for the Western Balkans' economies. Green bonds have grown dramatically in recent years, owing to investors' increased climate awareness and demand for this type of instrument. The Green Bond Framework will support this ambitious commitment by broadening the investor base and assisting Serbia in raising awareness of the importance of sustainable financing and promoting it internationally and locally within the Serbian financial and capital markets.

#### Box 1.

In 2021, the Government of the Republic of Serbia issued the first sovereign green bond<sup>10</sup> in the international market worth EUR 1 billion. The bond yield rate was 1.26 percent. Before issuing the sovereign green bond, the government implemented the Green Bond Framework. Institutional Shareholder Service (ISS ESG) has obtained a second-party opinion, confirming that the Green Bond Framework is aligned with the International Capital Markets Association's (ICMA) Green Bond Principles. The Green Bond Framework aims to accelerate Serbia's Green Agenda by investing in railway and metro infrastructure, water and wastewater management, flood protection, biodiversity protection, pollution prevention, waste management, energy efficiency, and renewable energy generation. The Serbian government allocated the funds raised through its first green bond issue to projects enabling the green economy's long-term development. The fact that investor interest exceeded the bond raise demonstrates the success of the issuance and the possibility of using such funds in the future. All funds are allocated to projects in the six sectors defined in the Green Bond Framework, which align with the most important national environmental and climate goals.

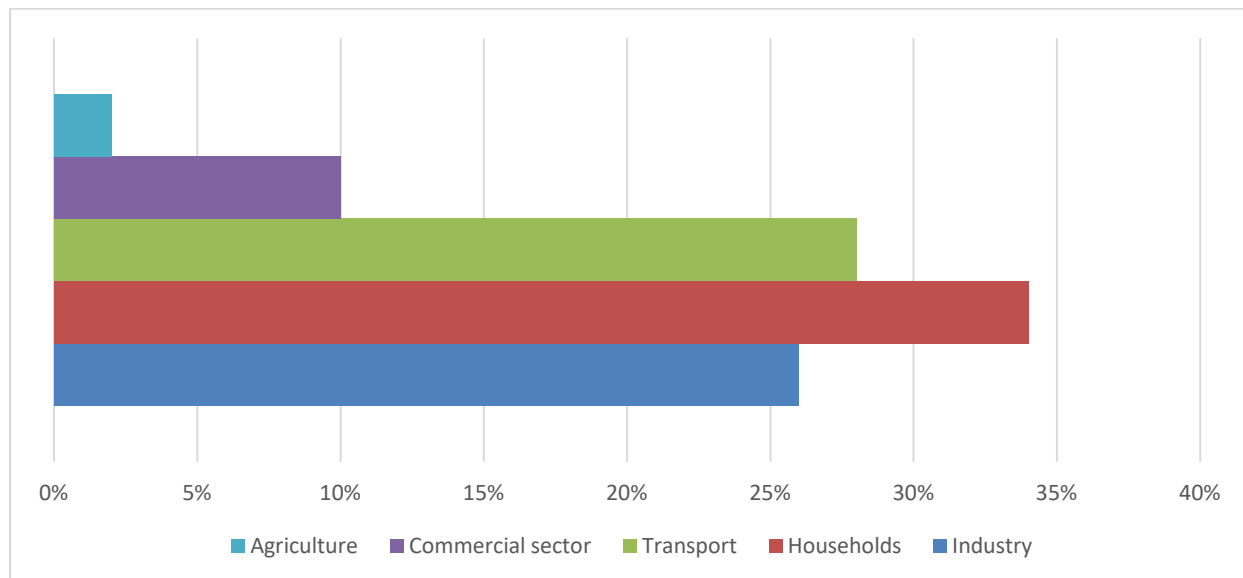
Since the Green Bond Framework established the criteria for acceptable green expenditures, the Eligible Green Expenditure has been selected from the previous year's realized expenditure and expenditure for the current budget year in the Government Budget by the end of Q3 2023. Every green bond fund has been allocated. The Serbian government allocated EUR 316 million to eligible green expenditures incurred in the three budget years preceding the budget year of the green bond issuance (31.9%) and EUR 674 million to eligible

<sup>10</sup> <https://javnidug.gov.rs/static/uploads/GREEN%20BOND%20REPORT.pdf>

green expenditures incurred in the budget year of the green bond issuance and the two budget years following (68.1%).

Approximately 21.5% of funds are allocated to waste management and the circular economy. Waste management is likely Serbia's most significant environmental challenge. The Case Studies chapter of the project Rehabilitation, Closure, and Reclamation of the Tailings Dump (Slag) from the Smelter in Zajača provides a good example of using green bond proceeds for this purpose. The Protection of the Environment and Biodiversity and Sustainable Agriculture Sector (PEBSA) used 10.6% of the green bond funds, which is a significant amount for numerous activities related to afforestation and forest preservation, biodiversity, and the development of sustainable agriculture, which is one of Serbia's main economic activities. Energy efficiency and renewable energy combined accounted for 1.6% of green bond expenditures. The fact that these two sectors received the smallest allocations highlights the potential for national decarbonization in construction and energy. The funds were primarily used to reduce GHG emissions and improve energy efficiency in buildings by installing insulation, reconstructing installations, and replacing heat sources with more efficient and environmentally friendly alternatives.

Figure 5. The share of Green Bond as % of sector (Serbia)



Source: Serbia Green Bond Report- January 2024

### The nature of Debt swap experience in Montenegro

The Montenegrin case is a classic example of a direct swap between a debtor and a creditor government.

The total debt volume of EUR 11.23 million held by the German government, specifically the KfW bank as the Paris Club creditor, was cancelled in exchange for a water supply and sanitation project. The government of Montenegro and the KfW bank negotiated the swap scheme, and the agreement was signed in 2008. The agreement reached between KfW Bank and the Government of Montenegro envisaged the cancellation of the debt amount subject to the fulfillment of several preconditions. Montenegro's government owed EUR 5.6 million for a sewage treatment plant and network in two municipalities as part of the Adriatic Coast Water Supply and Sanitation Program. The contribution was to be issued within one year of signing the agreement, paid into a special commercial bank account, and made available for KfW inspection. Another requirement was the substantial completion of a water supply and sanitation construction program by the end of 2012.

## CONCLUSIONS

The countries of the Western Balkans have signed the green agenda and have cooperated in the creation of a common regional market. The purpose of these initiatives is to make the economy sustainable and climate-neutral by 2050 through comprehensive political and financial initiatives and reforms.

Albania has created an SDG baseline report to examine the particular elements of the National Strategy on Development and Integration pillars in order to facilitate Sustainable Development Goals action. The Western Balkan countries sustainable development agenda encompasses a wide range of topics, but changes in four key areas—environmental protection, competitive economic growth, and infrastructure—are anticipated to yield the greatest results.

To achieve the Sustainable Development Goals, countries must align them with their social, economic, and environmental priorities. The Western Balkan countries governments faces challenges in accurately assessing financial costs and identifying financial options to achieve development objectives. According to United Nations Development Program, Albania, like other countries with similar income levels, has primarily funded the Sustainable Development Goals through public spending. However, sustainable development necessitates the participation of other actors in the domestic and international financing landscapes.

The countries of the Western Balkans, as a member of the Green Agenda, follow a strict policy towards the protection of the environment when among these issues is the amount of greenhouse gas emission. The World Bank reported that Albania's greenhouse gas (GHG) emissions in 2022 was low in comparison to regional peers because hydropower generates nearly all of the country's electricity and heavy manufacturing is limited. Along the same line, in

the medium to long run, an effective green economy strategy will be a powerful drive for delivering growth, increasing employment and eradicating poverty.

In the case of the countries included in the study, there is always a debate about the financing method of Sustainable Development Goals as well as green finance instruments. The "SDG Acceleration Fund" was established in April 2018 as a joint funding mechanism between the Government of Albania and the United Nations. The Fund aims to support integrated approaches across sectors and levels. The SDG Acceleration Fund's goal is to support the development and implementation of integrated activities to accelerate the achievement of SDGs in the priority areas listed in the National Strategy for Development and Integration 2015-2020.

Some of the green finance instruments that can help WB countries in financing the SDGs are: green corporate loans; green and sustainable bonds; catastrophe insurance and agriculture insurance, but in the case of the countries of the Western Balkans, only green bonds have been used so far. The only country that has issued green instruments like green bonds is Serbia. The Government of the Republic of Serbia has adopted a Green Bond Framework, making it the first Balkan country to publicly commit to promoting ESG awareness and projects in climate change mitigation and environmental protection. Serbia is deeply committed to solving the numerous global challenges caused by climate change and pollution, such as flora and fauna extinction, endangered ecosystems, continuous waste growth, and natural resource scarcity.

## ABOUT AUTHOR

Enida Zhugri (Istrefi), PhD is Full time lecturer at Faculty of Business, Finance and Accounting Department, University "Aleksander Moisiu" Durrës, Albania. PhD at University of National and World Economy, International Economic Relations and Business Department, Sofia, Bulgaria. The author is also part of the project named "Debt Instruments for Financing Sustainable Development in the EU", financed by the UNWE under number НИД НИ-12-2021.

## REFERENCES

- Balla, A., Merko, F., Golemi, E., & Biancardi, M. (2023). Sustainable regional development in Albania. *SEER*.
- De Graaf, H. J, C. J. Musters and W. J. Ter Keurs (1999) Regional opportunities for sustainable development. Theory, methods and applications Dordrecht: Kluwer Academic Publishers (PDF) *Sustainable regional development in Albania*. Available from: [https://www.researchgate.net/publication/374088955\\_Sustainable\\_regional\\_development\\_in\\_Albania](https://www.researchgate.net/publication/374088955_Sustainable_regional_development_in_Albania)
- Diyar, S., Akparova, A., Toktabayev, A., Tyutunnikova, M. Green Economy – Innovation Based Development of Kazakhstan. *Procedia - Social and Behavioral Sciences*, 140, 695–699. Available on internet: <https://doi.org/10.1016/j.sbspro.2014.04.497>
- Eurostat (2021), *Eurostat (database)*, European Statistical Office, Luxembourg City, <https://ec.europa.eu/eurostat/data/database>.

Gjaci, B. (2023). Public and Private Financing Instruments to Support Sustainable Development Goals: The Case of Albania. *strengthening resilience by sustainable economy and business - towards the Sustainable Development Goals*.

Grodzicki, T. (2023). Sustainable development in western Balkan countries: an analysis of decent work and economic growth. *Spatium*.

Hege, E., Brimont, L (2018). *Integrating Sustainable Development Goals into national budgetary processes*. Studies N°05/18, IDDRI, Paris, France, 20 p. Retrieved from [https://www.researchgate.net/publication/331355080\\_Integrating\\_Sustainable\\_Development\\_Goals\\_into\\_national\\_budgetary\\_processes/link/5c756722a6fdcc47159e57bb/download](https://www.researchgate.net/publication/331355080_Integrating_Sustainable_Development_Goals_into_national_budgetary_processes/link/5c756722a6fdcc47159e57bb/download)

ICMA (2019) Green Project Mapping. International Capital Market Association. <https://www.icmagroup.org/green-social-and-sustainabilitybonds/green-bond-principles-gbp/>. Accessed March 2021

ICMA (2020) Social bond principles. In: The social bond principles. <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bondprinciples-sbp/%0A> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Social-Bond-PrinciplesJune-2020-090620.pdf>. Accessed August 2021

IEA (2021), *Data and statistics*, (database), International Energy Agency, Paris, <https://www.iea.org/data-and-statistics/>.

Lukšić, I., Bošković, B., Novikova, A. et al. (2022). Innovative financing of the sustainable development goals in the countries of the Western Balkans'. *Energ Sustain Soc* 12, 15. <https://doi.org/10.1186/s13705-022-00340-w>

Merko, F., Balla, A & Biancardi, M. (2023). Building a sustainable growth model toward a green economy in Albania. UNICARTradEconomy & Finance International Conference At: University of Calabria, Arcavacata di Rende – Cosenza (Italy)

OECD (2020), Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet, OECD Publishing, Paris, <https://dx.doi.org/10.1787/e3c30a9aen>.

OECD (2020), Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet, OECD Publishing, Paris, <https://dx.doi.org/10.1787/e3c30a9aen>.

OECD (2021), Mobilising institutional investors for financing sustainable development in developing countries: Emerging evidence of opportunities and challenges, OECD Publishing, Paris.

Pearce, D., Barbier, E., Markandya, A. (2019). Sustainable Development: Economics and Environment in the Third World. London: Routledge. <https://doi.org/10.4324/9781315070254>

Sustainable Development Report 2022 (2022). *Albania, Eastern Europe and Central Asia*. Retrieved from <https://dashboards.sdgindex.org/static/profiles/pdfs/SDR-2022-albania.pdf>

UNEP FINANCE INITIATIVE (2018). *Rethinking Impact to Finance the Sustainable Development Goals*. A Position Paper and Call to Action prepared by the Positive Impact Initiative November 2018. Retrieved from <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/Rethinking-Impact-toFinance-the-Sustainable-Development-Goals.pdf> , 24.02.2023

UNEP, 2011, Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication - A Synthesis for Policy Makers, [www.unep.org/greeneconomy](http://www.unep.org/greeneconomy)