

---

AICEI PROCEEDINGS

---

## **Green, Greener, the Greenest: The Western Balkan Countries on Test – Lessons for Macedonia**

*Ana Stojilovska*

### **Abstract**

*The economic crises may have challenged the EU in many ways, forcing it to rethink its policies; however one thing the Union remained true to is the idea of promoting renewable energy and energy efficiency as a means for achieving sustainable growth and a low-carbon society. In fact, by setting its 2020 and 2050 policies, the EU sees the crisis as an opportunity for investment in its own competitiveness and growth, and therefore continues to present a “green” role model. In this line, being an essential part of the EU enlargement policy - the Western Balkan countries – play an important role in contributing to a greener Europe since they are to implement these EU energy and climate change policies. This paper will assess the level of adoption and implementation of EU energy efficiency and renewable energy policies in the region by comparing the case studies of Macedonia, Montenegro and Albania for the purpose of stating whether Macedonia as the country with longest experience of candidate status is the most advanced; and this paper will also draft recommendations for Macedonia. From the analysis that has been conducted it is clear that the least successful state is Albania, which is still a potential candidate for EU membership, while the level of successfulness in the area is almost tied between Macedonia and Montenegro, however Montenegro proved to be the greenest country. Concrete recommendations for Macedonia are that Macedonia should follow Montenegro’s example for having a green leader as a Deputy Minister; and should establish an Energy Efficiency Fund. Further recommendations which*

*Macedonia should undertake are having a separate Energy Efficiency and a separate Renewable Energy Law; strengthening the capacities of its implementing institutions; introducing energy awareness raising campaigns which include wide inter-sector cooperation; as well as introducing many incentives and implementation tools leading towards reaching the EU goals for 2020 and 2050. Methodologically, the paper considered relevant regional studies on the topic, EU documents, the EU progress reports and similar.*

*Keywords: Western Balkan countries, Macedonia, renewable energy, energy efficiency, EU energy acquis*

## **Introduction**

The economic crises may have challenged the European Union (EU) in many ways, forcing it to rethink its policies; however one thing the EU remained true to is the idea of promoting renewable energy and energy efficiency as a means for achieving sustainable growth and a low-carbon society. In fact, by setting its 2020 and 2050 policies, the EU sees the crisis as an opportunity for investment in its own competitiveness and growth, thereby continuing to present a “green” role model. In this line, being an essential part of the EU enlargement policy - the Western Balkan countries – play an important role in contributing to a greener Europe. In fact if they were to implement these EU energy and climate change policies, they would be provided with the opportunity to seize the region’s untapped renewable and energy efficiency potential, thereby increasing their energy security and helping to fight climate change. However, although the counties are put under the same energy framework, they differ in their state of compliance with EU energy policies and more importantly they are significantly challenged in its implementation.

This paper will try to assess the level of adoption and implementation of EU energy efficiency and renewable energy policies in the region by taking the case studies of Macedonia (an “older” candidate), Montenegro (a “younger” candidate) and Albania

(a potential candidate). It will focus on the capacities of their energy institutions, the level of legislation adoption, energy policy planning at local level, the availability of financial means for energy projects, promotional and awareness raising activities as well as support schemes for implementation in the areas in the three countries. The paper will not present all the developments and projects in detail, but rather it will try to give an overall impression of the progress of EU energy efficiency and renewable energy adoption and implementation. The main idea is to compare the three countries in the light of the state of adoption and implementation of EU energy efficiency and renewable energy policies by using regional studies and reports for the purpose of stating whether Macedonia as the country with longest candidate status experience among the three is also the most advanced in this area; and for drafting recommendations to the respective Macedonian authorities for better performance in the area for Macedonia. The overall aim is a contribution to the better implementation of EU energy efficiency and renewable energy policy in Macedonia. The importance of this research lies in the need to answer the dilemma whether Macedonia as the oldest candidate country in the Western Balkans has slowed its tempo regarding its work on the EU energy related agenda and whether by doing it is no longer the leader in EU renewable energy and energy efficiency policy implementation. Therefore, the need arises to face the facts by utilizing regionally comparable assessments for Albania, Macedonia and Montenegro in order to present the level of progress in the last few years regarding the countries' performances in implementing EU energy efficiency and renewable energy policies.

The paper will be structured in such a way that at the beginning EU energy efficiency and renewable energy policies will be presented as well as the legal framework that serves as the basis for EU integration in the area of energy for the Western Balkan countries. The next section will briefly present the EU integration history of each of the three countries, along with the relevant legal framework, and the institutional set-up, whilst a major part will be devoted to the state of implementation of these policies. The final section after summarizing and comparing the performance of the three countries will conclude by answering the research question whether or not Macedonia is the most advanced country in adopting and implementing EU energy efficiency

and renewable energy policies; and will draft recommendation for Macedonia based on inter- state comparison. The methodology will include primary and secondary resources as relevant regional studies on the topic, EU documents, information from websites of the relevant institutions, EU progress reports and the like.

## **EU Energy Efficiency, Renewable Energy Policies and the Western Balkans**

The EU has marked its future with green policies and very ambitious goals. One of the main documents with regard to this is *Europe 2020*, which will serve as the EU's growth strategy till 2020. It was prepared as an answer to the challenges the EU faces as a result of the economic crisis and ever pressing matters such as globalisation, the scarcity of resources, and the impact of the ageing of the society impact upon Europe. The three priorities in *Europe 2020* are: smart, inclusive and sustainable growth, the latter of which will be achieved by promoting a resource efficient, greener and more competitive economy. Among the set targets in this document are the "20/20/20" climate/energy targets (including an increase to 30% of emissions reduction if the conditions are right) by 2020 (European Commission, 2010c). The EU's 20/20/20 energy and climate change policy targets include: a 20% reduction in EU greenhouse gas emission from 1990 levels, a 20% renewable energy share in EU energy consumption and a 20% improvement in the EU's energy efficiency (European Commission, 2012b). However, the EU went even further than simply drafting its green policies until 2020 when in 2011 the European Commission adopted the very ambitious Communication "Energy Roadmap 2050". By doing so, it has committed itself to reducing greenhouse gas emissions to 80-95% below 1990 levels by 2050. In the Energy Roadmap 2050 the scenarios aim to explore routes towards decarbonisation of the energy system while at the same time ensuring security of energy supply and competitiveness (European Commission, 2011b). It is important to mention that energy efficiency and renewable energy remain to be one of the main means for achieving the EU's 2020 and 2050 goals.

In line with the commitment of the Western Balkan countries to join the EU, by signing the Energy Community Treaty, they obliged

themselves to adopt and implement the *acquis communautaire* on energy, environment, competition, energy efficiency and renewable energy. The Treaty, which entered into force in 2006, represents a legally binding framework extending the EU internal energy market to South Eastern Europe and beyond. It has the general objective of creating a stable, regulatory and market framework in order to attract investment in power generation and networks for the purpose of ensuring a stable and continuous energy supply; creating an integrated energy market allowing for cross-border energy trade and integration with the EU market; enhancing the security of supply; improving the environmental situation in relation with energy supply in the region; and enhancing competition at regional level and exploiting economies of scale (Energy Community, 2013).

Bearing in mind on the one hand the legal obligation of the Western Balkan countries to adopt and implement the EU energy policies and on the other hand the EU determination to increase its renewable energy share and improve its energy efficiency, it is evident that the Western Balkan countries will have to shape their green future through energy efficiency and renewable energy policies.

### **Adopting and Implementing EU Energy Efficiency and Renewable Energy Policies – the Macedonian Case Study**

From all three countries taken into consideration in this paper, Macedonia is the oldest candidate country for EU membership, which was granted this status back in 2005. Further highlights include the recommendation for opening the negotiations as stated by the European Commission in 2009 and the launch of a High Level Accession Dialogue in 2012. Regarding the institutional set-up, the main institutions are the Ministry of Economy, responsible for energy policy making, including policies on renewables and energy efficiency; and the Energy Agency, set to support the energy policy implementation with focus on renewables and energy efficiency. In addition, energy efficiency is being developed on a local level as a responsibility of the local authorities. As the capacities of these institutions affect policy adoption and implementation, it is vital

to understand the state of their development. An earlier study (USAID, 2008) assessed the Macedonian Ministry of Economy's capacities to be set in place, thus representing a fully implemented area and the best example among the three countries; in comparison with the Montenegro's and Albania's respective ministries which were assessed that both need strengthening as can be seen in Table 1. The same study (USAID, 2008), also as illustrated in Table 1, assesses Macedonia and Albania in the area of the capacities of energy efficiency agencies to be a better example than Montenegro, the latter of which had no capacities set in place. However, a later study by the World Bank (2010) states that the weak implementation of energy efficiency policy in Macedonia is due to the understaffing of the energy institutions responsible for its implementation. The World Bank (2010) also showcased the Albanian implementing agency to be of good quality as seen in Table 2 and the best among the three; while in this area of capacities of an implementing agency Macedonia was assessed to be of medium quality together with Montenegro. With regards to the Macedonian Energy Agency, several subsequent EU progress reports (2009, 2010, 2011, and 2012) repeat that its capacities are insufficient.

Regarding the legal framework of the country, the legal basis for the energy policy in Macedonia is the Energy Law of 2011. On a strategic level, Macedonia has three major state strategies in the energy domain— one on the development of the energy sector as a whole, the second on energy efficiency and the third on renewable energy – all adopted in 2010, while in 2011 the country adopted an Energy Efficiency Action Plan. When compared in the area of legislation, according to the USAID study (2008) and graphically presented in Table 1, Macedonia turned out to have it partially set together with Albania; Macedonia got the same assessment regarding the area of municipal energy planning together with Montenegro, both being better examples of policies than the Albanian one. Later, according to the World Bank (2010) and as can be seen in Table 2, Macedonia in the area of policy framework which included *inter alia* administrative responsibilities, the legal basis and policy goals for energy efficiency, regulations, strategies and action plans on energy efficiency and supporting policy tools, was assessed to be of predominantly medium quality, the administrative responsibilities being the only sub-area of the policy framework to be of good quality. In

this area, Table 2 clearly shows that Macedonia is the weakest example of all three regarding the policy framework.

Implementing energy efficiency and renewable energy policies also requires sufficient financial means. In Macedonia there is donor funding for energy efficiency projects coming from the Sustainable Energy Program GEF (Global Environment Fund) and USAID (USAID, 2008), the former of which was closed in 2013. However, the Energy Efficiency Fund envisaged in the Energy Efficiency Strategy as one of the main tools for implementing the energy efficiency projects, and which had been planned back in 2004, is still missing as is also pointed out by the Energy Community Secretariat (2011, 2012). Furthermore, the World Bank (2010) noted that in general many energy efficiency incentives are lacking. To get a more visual picture regarding the progress of Macedonia in adopting energy efficiency policies and strategies, Table 1 shows that in this area Macedonia was assessed as to having had it partially implemented in the same way as Albania, with both lagging behind Montenegro; and with regards to the Energy Efficiency Fund, Macedonia was assessed according to the fact that it had it envisaged but had not yet implemented it (USAID, 2008). The important part of the energy efficiency policy implementing, the support schemes as seen in Table 2, were assessed to be of low quality for Macedonia, as in the case of Montenegro (World Bank, 2010).

Awareness raising activities have also been undertaken in Macedonia, but the Macedonian government's public information capacity for energy efficiency needs strengthening (World Bank, 2010) and awareness raising activities have been planned in all strategic documents despite the lack of capacity and funds for wider implementation (EU Build, 2012). In comparative terms as presented in Table 1, Macedonia was assessed as having planned but not having implemented programs for promoting energy efficiency in the public sector at the national level similar to Montenegro; whilst public information campaigns promoting energy efficiency were assessed as having been partially implemented thereby leaving the other two countries worse off by comparison (USAID, 2008).

In order to get a more general impression about the EU energy efficiency and renewable energy policy implementation in Macedonia over the years (2006-2012), EU progress reports have assessed

Macedonia's performance as having achieved from limited to good progress; the term of some progress is most frequently used for general assessment as is also used in the latest report of 2012 to describe the progress under renewable energy and energy efficiency policy.

### **Adopting and Implementing EU Energy Efficiency and Renewable Energy Policies – the Montenegro Case Study**

Montenegro in this paper is the younger candidate country which was granted EU candidate status in 2010. It moved very quickly towards the accession negotiations which started in 2012 when also the first chapter (Science and Research) was provisionally closed. The institutional set-up of Montenegro is slightly different to that of Macedonia since it has only a Ministry of Economy as the institution responsible for energy policy, but does not have a specialized implementing agency (Energy Community Secretariat, 2012), which the World Bank (2010) recommends establishing since the Energy Efficiency Unit within the Ministry has staff shortages, having as a result only a limited ability to provide support and advice. However, despite the limited staff capacities, Montenegro chose to show leadership in the area by introducing a new position - the Deputy Minister for Energy Efficiency who heads the Energy Efficiency Unit within the Ministry of Economy, which is assigned for the monitoring role for the implementation of the Energy Efficiency Law (Energy Community Secretariat, 2010). Regarding the Ministry's capacities, Montenegro was assessed as being an area which needs further strengthening, being in this case in comparison together with Albania the poorer example as is demonstrated in Table 1 (USAID, 2008). Also due to the non-existence of an Energy Agency, Montenegro was presented as the worst example in this regard from all three countries as seen in Table 1 (USAID, 2008). Other actors in the energy area especially in energy efficiency are the local authorities. In fact, in Montenegro's Energy Efficiency Action Plan up to 2012 and the Energy Efficiency Action Plan for the Public Sector (2008-2012) envisaged the project "Promotion of Energy Management Schemes at local level and capacity building" which includes a variety of activities, such as preparing brochures for



energy efficiency measures, organizing decentralized training courses, and energy efficiency demonstration projects (USAID, 2008). Montenegro managed to improve its performance a little regarding the capacities of an implementing institution in the area by having this area estimated to be of medium quality; being however together with Macedonia second best after Albania as shown in Table 1 (World bank, 2010).

The important strategic documents in the area are the Energy Efficiency Strategy, the National Action Plan for Energy Efficiency and the Strategy for Energy Development, the latter which is under preparation (EU Build, 2012). Unlike Macedonia which has a single Energy Law; Montenegro has a specific Energy Efficiency Law (EU Build, 2012) and also an Energy Law which also contains a separate chapter on renewables (Energy Community Secretariat, 2010). In order to sum up Montenegro's performance regarding its progress in adopting the legislative framework, Table 1 shows that Montenegro is a leader among the three countries analyzed which has been assessed as having fully implemented this legislative assignment (USAID, 2008). With regard to municipal energy planning, Montenegro has been assessed as having partially implemented this policy, together with Macedonia being the better examples (USAID, 2008) as shown in Table 1. The World Bank study on energy efficiency (2010) regarding the policy framework addressing the administrative responsibilities, the legal basis and policy goals for energy efficiency, and regulations, strategies and action plans on energy efficiency and supporting policy tools, shows Montenegro as the best example among the three countries given that all but two areas of its policy framework are considered to be of good quality as is shown in Table 1.

Obtaining sufficient financial support and introducing attractive incentives for energy projects is always a challenge. The World Bank (2010) noted that Montenegro lacks many energy efficiency incentives. However, regarding financial support, Montenegro managed to merge as a leader by establishing its own fund for financing energy projects unlike Albania and Macedonia. In fact, the Fund for Energy Efficiency was established by the Budget Law in 2006 as an independent item under the state budget for the Ministry of Economy; the Fund manages projects supported from the state budget, donations, loans and other financing mechanisms (Energy Community Secretariat, 2011, 2012). This Fund

was established for the purpose of implementing the Annual Energy Efficiency Action Plans (USAID, 2008); although one analysis claims that the Fund has not been implemented (EU Build, 2012). Compared to Albania and Macedonia, Table 1 presents Montenegro as the best example in the area of energy efficiency policy and strategies compared with the other two countries; as with the Energy Efficiency Fund (USAID, 2008). As implementation remains a challenge, Montenegro's support schemes for implementation showcased the performance to be of a low quality as seen in Table 2, however it had the same assessment as Macedonia, both being better off than Albania (World Bank, 2010).

Montenegro was performing well in the area of awareness raising. Earlier reports stated that Montenegro has begun planning a public awareness campaign on energy efficiency (USAID, 2008), but that there is a need for a further strengthening of the Government's public information capacity for energy efficiency and that there are no comprehensive programs promoting energy efficiency in the public sector (World Bank, 2010). A more positive assessment was noted by the Energy Community Secretariat (2010) which highlighted Montenegro's activities in this regard as the national project "Year of energy efficiency" has given good results. Furthermore, the Energy Community Secretariat (2011, 2012) noted that for two years in a row Montenegro's awareness raising activities coordinated by the Ministry of the Economy included a variety of different stakeholders, such as donors, local institutions, NGOs, academia and the media, and that a National Awareness Raising Plan for 2011 has been implemented. The overall comparative impression puts Montenegro among the more successful examples regarding promoting energy efficiency together with Macedonia, although the exact assessment of this area was – a planned policy which had not yet been implemented; the same assessment was also given to the area of information campaigns promoting energy efficiency, making Montenegro in this specific area second best behind Macedonia as shown in Table 1 (USAID, 2008). The EU progress reports on Montenegro regarding its EU energy efficiency and renewable energy policy implementation over the years (2006-2012) assesses this country's performance as having achieved from little to good progress, mostly achieving some progress, as stated for the area of renewables in the last progress report of 2012.

## **Adopting and Implementing EU Energy Efficiency and Renewable Energy Policies – the Albanian Case Study**

Unlike Macedonia and Montenegro, Albania is still only a potential candidate for EU membership as identified together with the other Western Balkan countries at the Thessaloniki European Council Summit in 2003. In 2012 the European Commission recommended Albania be granted EU candidate status subject to the completion of key measures in a few areas. Regarding the relevant stakeholders, the Albanian Ministry of Economy, Trade and Energy is the institution responsible for energy policy. There is also an agency called the National Agency of Natural Resources which has more competences in the area of renewables (National Agency of Natural Resources, 2013), but which was assessed as having an unclear division of responsibilities regarding energy efficiency with the Ministry of Economy, Trade and Energy, what tends to be one of the main barriers to the successful implementation of the country's Energy Efficiency Action Plan (Energy Community Secretariat, 2012). As can be seen in Table 1, Albania with regard to the capacity of both its Ministry and the Agency of Natural Resources was assessed as having started developing this area with a need for further strengthening, so in regard to the institutional set-up Albania turned out to be the second best example after Macedonia (USAID, 2008). According to a later study, the assessment for the energy institutional capacities seemed to have improved for Albania since its implementing agency was assessed to be a policy with good quality, thereby presenting the best example of all three countries regarding the Agency's capacities as is shown in Table 2 (World Bank, 2010).

The country has a draft Energy Efficiency Law, a draft Renewable Energy Law and a strategy titled National Strategy of Energy (EU Build, 2012) and a National Energy Efficiency Action Plan the latter adopted in 2011 (Energy Community Secretariat, 2012). Concerning the drafting of legislation and local energy planning, Albania, as shown in Table 1 turned out to be the worst off of the three countries concerned, by having only partial legislation set in place and no energy planning at all at the local level (USAID, 2008). Furthermore, as shown in Table 2, Albania manages to get good quality marks for its administrative responsibilities,

for the legal basis for energy efficiency and for the regulations; and medium quality grades for the policy goals for energy efficiency, energy efficiency strategy, energy efficiency action plans and supporting policy tools, regarding this set of policy framework in comparison turning out to be the second best example after Montenegro (World Bank, 2010).

As for concrete implementation, Albania has envisaged *inter alia* a national energy efficiency program and an Energy Efficiency Fund in its Energy Efficiency Law, and the Energy Community Secretariat has noted in two subsequent reports (2011, 2012) that this Energy Efficiency Law had not been properly implemented, since among other things the envisaged Energy Efficiency Fund had not been created due to budgetary constraints. The World Bank study (2010) also concludes that Albania is challenged on the implementation level since it was noted that it is lagging behind in implementing existing laws and adopting secondary legislation and supportive policy tools. When analyzing concrete financial means for the purpose of implementing energy policies, Albania was found back in an earlier study to be in a desperate need of energy efficiency investment but that it did not have the appropriate funds (USAID, 2008). In a later study the World Bank (2010) repeated that the country had not yet introduced financial incentives to promote energy efficiency. Furthermore, from concrete incentives, tax reduction is poor in practice (EU Build, 2012). Regarding the area of energy efficiency policy and strategies, Albania was assessed as having begun to develop this area with the need to further strengthen it thereby turning out, together with Macedonia to lag behind Montenegro as is evident from Table 1 (USAID, 2008). However, Table 1 showcases Albania's Energy Efficiency Fund with regard to legislation that has been put in place for a substantial amount of time, but the implementation failed, making the Albanian case the worst example when compared with Macedonia and Montenegro (USAID, 2008). As can be shown in Table 2, Albania was the worst example regarding support schemes for implementation, having been assessed to have none (World Bank, 2010).

On the subject of awareness raising, an earlier study USAID (2008) assessed Albania to be the worst example compared with the other two countries by having neither programs for promoting energy efficiency nor public information campaigns on the subject as shown in Table 2. Later the country has undertaken information campaigns

on energy efficiency in buildings and energy labelling which included builders, architects, producers of construction materials, consumers, and representatives from small banks, municipalities and the like (Energy Community Secretariat, 2010). However, the World Bank (2010) noticed that the Government had not yet developed a public information capacity to promote energy efficiency benefits and technologies and those programs were needed to demonstrate and promote energy efficient measures in schools, hospitals, and other public buildings. Albania's overall impression on the progress it achieved on EU energy efficiency and renewable energy policy implementation over the years (2007-2012) shows either some or no progress has been achieved, the latter being the state of development in the last two progress reports of 2011 and 2012.

## **Conclusions and Recommendations**

This paper aimed to assess the level of adoption and implementation of the EU energy efficiency and renewable energy policies in the region by comparing the case studies of Macedonia, Montenegro and Albania. This was done by utilizing regionally comparable studies in the areas of the capacities of their energy institutions, the level of the adoption of legislation, and energy policy planning at local level. Also, under review was the availability of the financial means for energy projects, and promotional and awareness raising activities as well as support schemes for implementation regarding their energy efficiency and renewable energy policies. The objective was for the purpose of stating whether Macedonia as the country with the longest candidate status experience is the most advanced; and for drafting a recommendation to the respective Macedonian authorities for better performance in the area for Macedonia.

As for the institutional set-up of these countries, all three have a ministry which among other things, tackles the energy matters including renewables and energy efficiency, Montenegro is the only state without a separate Energy Agency, the Macedonian Agency however lacks the adequate capacities for performing its duties. It is important to mention that the Deputy Minister of the Economy in Montenegro is also

directly responsible for energy efficiency policies, showing institutional leadership in the energy area, thus presenting a good example to learn from. Further good examples are demonstrated by the well staffed Albanian implementing agency in the area, making the country the best example among the three regarding the respective energy implementing capacities according to more recent assessments, although the matter of unclear responsibilities with the Ministry remains.

Moving to legislation, drafting energy laws and strategies has also been set differently in each of the three countries, while the strategic planning of energy efficiency, renewable energy and the development of the energy sector is also present. While Macedonia has a single Energy Law in which there are separate chapters on energy efficiency and renewable energy, Albania and Montenegro have specific energy efficiency laws, Albania is drafting a separate Renewable Energy Law as well. As presented, the regional studies' assessment of the overall policy framework of these countries addressing mostly the adoption of specific legislation showcased Montenegro as a clear leader among the three, with Macedonia as the weakest example.

In the area of implementation, all three countries have made efforts and implemented reforms and projects in the area and are still generally challenged on the subject since they all lack sufficient incentives. However, some performed better than others in the area. Bearing in mind the importance of having sufficient financial means for implementing energy projects, it was a big step in the right direction for Montenegro to establish the Energy Efficiency Fund, unlike the other two countries. Of special concern is the fact that the Macedonia's Energy Efficiency Fund had been envisaged almost ten years ago. The comparable regional assessment regarding the energy efficiency policies establishing energy goals and having support schemes for implementation with a highlight of having an Energy Efficiency Fund, presented Montenegro as the best example out of the three countries concerned. Regarding awareness raising, all three countries need further strengthening in this area, however the regional comparative studies presented Macedonia as the most successful and Albania as the least successful case. Some promotional activities of Montenegro in the area however caught the eye of the Energy Community Secretariat, highlighting the results and the effectiveness of this country's campaigns.

The overall impression as presented in the EU progress reports is that the progress of Macedonia and Montenegro is almost identical in terms of overall statements on the level of EU energy efficiency and renewable energy adoption, Albania being a clearly less successful case. From the analysis conducted, it is clear that the least successful in adopting and implementing the EU energy efficiency and renewable energy policies is Albania, which is still a potential candidate for EU membership. On the other hand, the level of successfulness in the area is almost tied between Macedonia and Montenegro, Macedonia being an older candidate country – bearing the title since 2005, when Montenegro was still part of Serbia and Montenegro, but bearing in mind that one additional obstacle for Macedonia regarding starting the negotiations for entry into the European Union is the matter of high politics, namely the name dispute with Greece, which has nothing to do with Macedonia's progress in the area of renewables and energy efficiency. Strictly regarding the progress under the energy efficiency and renewable energy part and having in mind Montenegro's more recent experience with the EU candidate status, it can be concluded that Montenegro is the greenest country having achieved best progress in adopting and implementing EU renewable energy and energy efficiency policies compared with Macedonia and Albania. Highlights include the leadership Montenegro shows with having a Deputy Minister in charge of energy efficiency and the determination to establish a key implementing mechanism, the Energy Efficiency Fund. Further positive examples include having a separate Energy Efficiency Law which could facilitate the adoption of secondary acts and their implementation, as well as successful awareness raising campaigns.

Concrete recommendations for Macedonia are that the state should follow Montenegro's example in establishing an Energy Efficiency Fund. Next that Macedonia should consider is Montenegro's but also Albania's practice of having a separate Energy Efficiency Law and even possibly a separate Renewable Energy Law. Furthermore, although not shown as the best example, but nevertheless demonstrating leadership in the area, having a Deputy Minister for Energy Efficiency and Renewables should be considered. Moreover, strengthening the Energy Agency's capacities is a must looking up to the Albanian example of a properly staffed implementing institution. Also, some good examples of

Montenegro regarding energy awareness raising using catchy titles such as 'year of energy efficiency' and more importantly including wide inter-sector cooperation is highly recommendable. Finally, as in common with all three countries, it is recommendable to introduce as many incentives and implementation tools as possible to serve the purpose of supporting implementation, such as tax incentives, taxes, funds, credits, grants, or pilot projects. By implementing these policies, Macedonia can regain the title of green leader among the EU candidate countries and potential candidate countries and by doing so can contribute to reaching the EU goals for 2020 and 2050, which in turn will contribute to improving the standard and quality of living of its citizens.

## References

- European Commission. (2006a). Montenegro 2006 Progress report. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2006/nov/mn\\_sec\\_1388\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/mn_sec_1388_en.pdf)
- European Commission. (2006b). The former Yugoslav Republic of Macedonia 2006 Progress Report. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2006/nov/fyrom\\_sec\\_1387\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/fyrom_sec_1387_en.pdf)
- European Commission. (2007a). Albania 2007 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2007-2008. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2007/nov/albania\\_progress\\_reports\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2007/nov/albania_progress_reports_en.pdf)
- European Commission. (2007b). Montenegro 2007 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2007-2008. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2007/nov/montenegro\\_progress\\_reports\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2007/nov/montenegro_progress_reports_en.pdf)
- European Commission. (2007c). The former Yugoslav Republic of Macedonia 2007 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2007-2008. Retrieved from



[http://ec.europa.eu/enlargement/pdf/key\\_documents/2007/nov/fyrom\\_progress\\_reports\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2007/nov/fyrom_progress_reports_en.pdf)

European Commission. (2008a). Albania 2008 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2008-2009. Retrieved from [http://ec.europa.eu/enlargement/pdf/press\\_corner/key-documents/reports\\_nov\\_2008/albania\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key-documents/reports_nov_2008/albania_progress_report_en.pdf)

European Commission. (2008b). Montenegro 2008 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2008-2009. Retrieved from [http://ec.europa.eu/enlargement/pdf/press\\_corner/key-documents/reports\\_nov\\_2008/montenegro\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key-documents/reports_nov_2008/montenegro_progress_report_en.pdf)

European Commission. (2008c). The former Yugoslav Republic of Macedonia 2008 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2008-2009. Retrieved from [http://ec.europa.eu/enlargement/pdf/press\\_corner/key-documents/reports\\_nov\\_2008/the\\_former\\_yugoslav\\_republic\\_of\\_macedonia\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key-documents/reports_nov_2008/the_former_yugoslav_republic_of_macedonia_progress_report_en.pdf)

European Commission. (2009a). Albania 2009 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2009-2010. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/al\\_rapport\\_2009\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/al_rapport_2009_en.pdf)

European Commission. (2009b). Montenegro 2009 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2009-2010. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/mn\\_rapport\\_2009\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/mn_rapport_2009_en.pdf)

European Commission. (2009c). The former Yugoslav Republic of Macedonia 2009 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2009-2010. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/mk\\_rapport\\_2009\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/mk_rapport_2009_en.pdf)

European Commission. (2010a). Analytical report accompanying the Communication from the Commission to the European Parliament and the Council Commission opinion on Albania's application for membership of the European Union. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/al\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/al_rapport_2010_en.pdf)

European Commission. (2010b). Analytical report accompanying the Communication from the Commission to the European Parliament and the Council Commission opinion on Montenegro's application for membership of the European Union. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/mn\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/mn_rapport_2010_en.pdf)

European Commission. (2010c). Communication from the Commission Europe 2020 A strategy for smart, sustainable and inclusive growth. Retrieve from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF>

European Commission. (2010d). The former Yugoslav Republic of Macedonia 2010 Progress report accompanying the Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2010-2011. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/mk\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/mk_rapport_2010_en.pdf)

European Commission. (2011a). Albania 2011 Progress report accompanying the document Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2011-2012. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2011/package/al\\_rapport\\_2011\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/al_rapport_2011_en.pdf)

European Commission. (2011b). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Energy Roadmap 2050. Retrieved from [http://ec.europa.eu/energy/energy2020/roadmap/doc/com\\_2011\\_8852\\_en.pdf](http://ec.europa.eu/energy/energy2020/roadmap/doc/com_2011_8852_en.pdf)

European Commission. (2011c). Montenegro 2011 Progress report accompanying the document Communication from the Commission to the European Parliament and the Council Enlargement Strategy

and Main Challenges 2011-2012. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2011/package/mn\\_rapport\\_2011\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/mn_rapport_2011_en.pdf)

European Commission. (2011d). The former Yugoslav Republic of Macedonia 2011 Progress report accompanying the document Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2011-2012. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2011/package/mk\\_rapport\\_2011\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/mk_rapport_2011_en.pdf)

European Commission. (2012a). Albania 2012 Progress report accompanying the document Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2012-2013. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/al\\_rapport\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/al_rapport_2012_en.pdf)

European Commission. (2012b). The 2020 climate and energy package. Retrieved from [http://ec.europa.eu/clima/policies/package/index\\_en.htm](http://ec.europa.eu/clima/policies/package/index_en.htm)

European Commission. (2012c). Montenegro 2012 Progress report accompanying the document Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2012-2013. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/mn\\_rapport\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/mn_rapport_2012_en.pdf)

European Commission. (2012d). The former Yugoslav Republic of Macedonia 2012 Progress report accompanying the document Communication from the Commission to the European Parliament and the Council Enlargement Strategy and Main Challenges 2012-2013. Retrieved from [http://ec.europa.eu/enlargement/pdf/key\\_documents/2012/package/mk\\_rapport\\_2012\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2012/package/mk_rapport_2012_en.pdf)

Energy Community. (2013). Fact and figures. Retrieved from [http://www.energy-community.org/portal/page/portal/ENC\\_HOME/ENERGY\\_COMMUNITY/Facts\\_and\\_Figures](http://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Facts_and_Figures)

Energy Community Secretariat. (2010). Annual report on the implementation of the acquis under the Treaty establishing the Energy Community. Retrieved from <http://www.energy-community.org/pls/portal/docs/722178.PDF>

- Energy Community Secretariat. (2011). Annual report on the implementation of the acquis under the Treaty establishing the Energy Community. Retrieved from <http://www.energy-community.org/pls/portal/docs/1146177.PDF>
- Energy Community Secretariat. (2012). Annual report on the implementation of the acquis under the Treaty establishing the Energy Community. Retrieved from <http://www.energy-community.org/pls/portal/docs/1770178.PDF>
- EU Build energy efficiency. (2012). Comparison of partner countries on the basis of Country profiles As a basis of Guidebook [PowerPoint slides]. Retrieved from <http://www.eubuild.com/wp-content/uploads/2011/06/7COMPARISONofPARTNERCOUNTRIES.pdf>
- National Agency of Natural Resources. (2013). Renewable energies. Retrieved from <http://www.akbn.gov.al/index.php/en/legislation/renewable-energies>
- USAID Alliance to save energy Southeast European energy market support. (2008).
- Energy Community stocktaking on energy efficiency. Retrieved from <http://www.energy-community.org/pls/portal/docs/258178.PDF>
- World Bank. (2010). Status of energy efficiency in the Western Balkans. A Stocktaking Report. Retrieved from <http://www.energy-community.org/pls/portal/docs/664179.PDF>

## Appendix

**Table 1:** Laws and regulations concerning energy efficiency and heat, policies and programs for implementation of energy efficiency projects and institutions and authorities responsible for promoting energy efficiency (selection)

Area/ Country	Macedonia	Montenegro	Albania
Legislation	+	++	+
Requirements for municipal energy planning and restrictions on use of heat sources not consistent with the plans	+	+	-
Energy efficiency policies or strategies establishing energy savings goals for the country as a whole and by sector	+	++	+
Energy efficiency funds	+-	+	!
Programs and provisions for promoting energy efficiency in the public sector at the national government level	+-	+-	-
Public information campaigns promoting energy efficiency	+	+-	-
Ministries with energy efficiency department	++	+	+
National energy efficiency or energy conservation agencies	+	-	+

Explanation: ++ means full implementation (development is advanced and capacities are in place), + is partial implementation (development has started, legislation and some capacity is in place, need of further strengthening), +- is planned but not implemented (legislation is in place and implementation is pending), – nothing (no legislation and/or capacities in place), ! means legislation has been in place for a substantial amount of time, but implementation failed

Source: USAID, 2008.

**Table 2:** Institutional framework (selection)

Area/ Country	Macedonia	Montenegro	Albania
Administrative responsibilities	1	1	1
Legal base for energy efficiency	2	1	1
Regulations	2	1	1
Policy goals for energy efficiency	2	2	2
Energy efficiency strategy	2	2	2
Energy efficiency action plans	2	1	2
Supporting policy tools	2	1	2
Implementing agency	2	2	1
Support scheme for implementation	3	3	4

Explanation: 1 is good quality, 2 is medium quality, 3 is low quality, 4 is none existing

Source: World Bank (2010) based on information from the Austrian Energy Agency