



# INTEGRATED SDG INSIGHTS MONTENEGRO

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.



# HOW TO READ THIS REPORT



Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).



It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).



Combined, these insights are mapped against SDG interlinkages to define policy choices that accelerate SDG progress, tailored to national context (**SDG Interlinkages**).



These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

# SDG MOMENT: MONTENEGRO

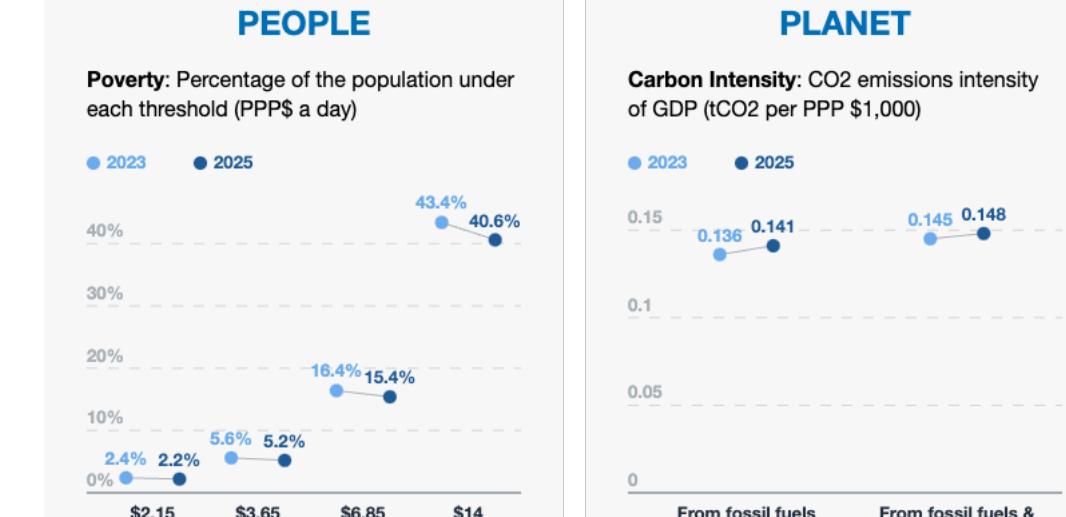
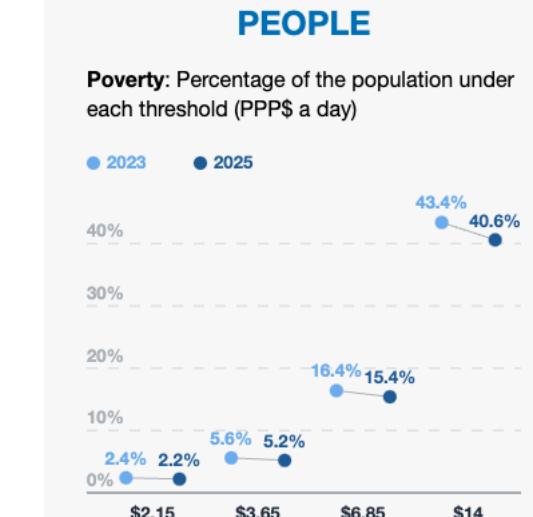
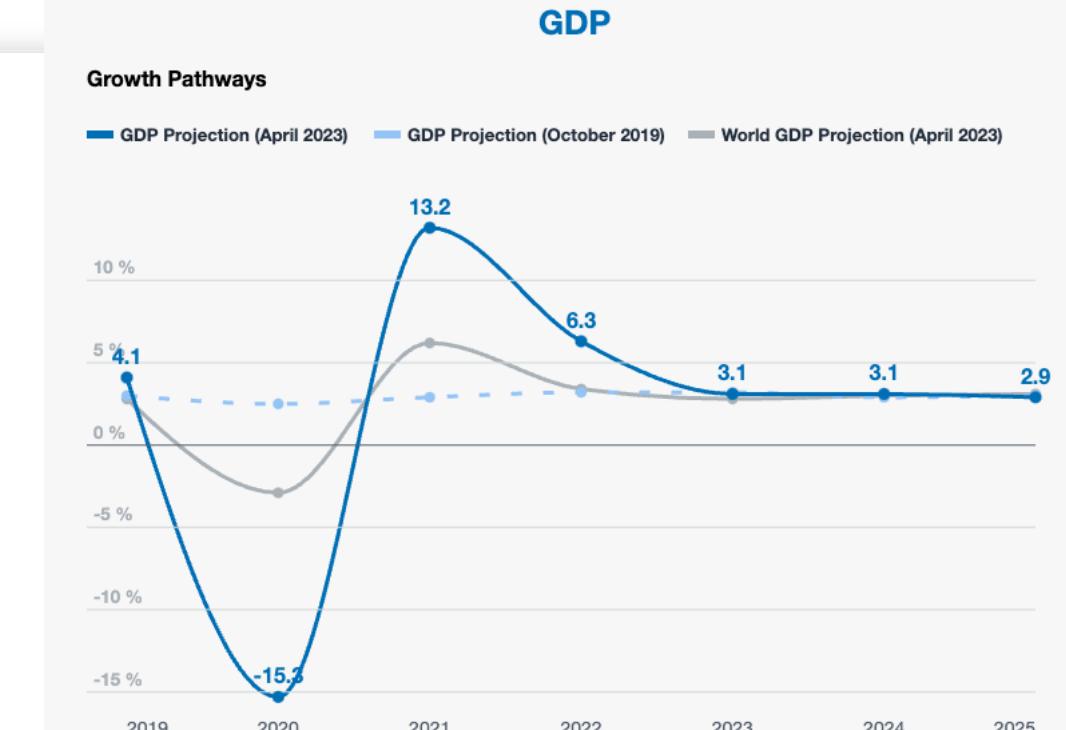
While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Montenegro's growth rates for 2023-2025 are projected to be slower than the global average and for the country before the pandemic. While this growth is expected to exert a moderately positive effect on poverty by most thresholds, it seems likely to be increasingly dependent on carbon emissions as the country's emissions intensity of GDP is projected to increase at an annual rate of almost 2% due to growing fossil fuel usage, and of 1% when also considering land-use change.<sup>2</sup>

The European Union (EU) accession process continues to be the key priority for the country and is seen as the key driver of the country's development and as an accelerator of the SDGs. Montenegro's commitments to the SDGs are focused on increasing well-being for all while reducing the environmental footprint of the economy and ensuring long-term sustainability. Nearly two-thirds of SDG targets are closely linked to EU policies, especially those concerning the environment and climate change, the rule of law, freedom and security and social policy and employment.

Despite significant progress over the past decade, it is predicted that if Montenegro continues at its pre-COVID growth rates, it will take nearly 40 years for the average income of Montenegrin citizens to reach average EU income levels. In order to overcome this challenge, Montenegro needs a new strategy of more sustainable growth based on productivity and increasing human capital while preserving natural resources.

<sup>2</sup> CO2 emissions intensity of GDP is computed as tonnes of CO2 per \$1,000 (2017 PPP).



# SDG TRENDS

Understanding how Montenegro performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.



- Trends show the prospect of achieving global SDG targets – On track vs Off track. In some cases, a review is required due to more complex trends.

#### *Trends in detail:*

<https://data.undp.org/sdg-push-diagnostic/MNE/sdg-trends>

#### *National Platform:*

<https://www.sdgmontenegro.me/>

# SDG PRIORITIES

Montenegro's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classification. It considers 100k+ terms, including phrases and expressions.



#### **Key documents for analysis:**

1. 2030 National Strategy for Sustainable Development of Montenegro
2. Montenegro Economic Reform Programme 2023-2025
3. Fiscal Strategy of Montenegro 2021-2024
4. National Circular Transition Strategy to 2030 with the Action Plan 2023-2024
5. Voluntary Review 2022. Montenegro
6. Background Paper for UN Country Team Leave No One Behind, August 2020
7. Regulation on the Secretariat-General of the Government of Montenegro
8. Official Statement of Montenegro at the Global Conference Platform for Disaster Risk Reduction, 2022

#### *Priorities in detail:*

<https://data.undp.org/sdg-push-diagnostic/MNE/current-priorities>

# Synergy of EU Accession and the Sustainable Development Goals

- Membership of the European Union is the priority goal of Montenegrin foreign policy. Negotiations started on 29 June 2012.
- Negotiations on 30 chapters of the *acquis communautaire* (the common body of EU law) have begun. Three chapters have been provisionally closed, and for two chapters there is nothing to adopt.
- About 65 percent, or nearly two-thirds of the SDG targets (109 of 169 targets), have a strong link with chapters in the *acquis*.
- However, that means 60 targets (or 35% of the total) are not addressed through this process
- These targets are mostly clustered in SDG 17 – Partnership for the goals, SDG 10 – Reduced inequalities and SDG 4 – Quality education



# SDG INTERLINKAGES

SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Montenegro to achieve the 2030 Agenda for Sustainable Development and to navigate trade-offs.

Based on a global framework for interlinkages, Montenegro's SDG progress is colour-coded at the target level.

Building from national priorities, the following pathways reflect policy investments with the most potential to accelerate the SDGs for Montenegro, with the following entry points:

- Target 4.4: Skills for employment
- Target 8.3: Promote development-oriented policies
- Targets 16.6: Develop effective, accountable and transparent institutions at all levels
- 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels



## ACCELERATION PATHWAYS



# SDG INTERLINKAGES

**4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship**

In the age of rapid economic and social changes, ensuring relevant skills (Target 4.4) for youth is a crucial accelerator for the whole SDG agenda. In the Programme for International Student Assessment (PISA) 2018, Montenegro lagged Organisation for Economic Co-operation and Development (OECD) averages in reading literacy (421 vs 487), maths (430 vs 489) and in science (415 vs 489).

Investments in secondary education (Target 4.1) and competitive skills (Target 4.3) could help young people to set out on future-proof paths which ensure employment (Target 8.6). Addressing evident differences (Target 10.1) in education (see PISA 2018) by expanding options for boys and girls and enhancing young women's and girls' access to science, technology, engineering and mathematics and ICT education, will contribute to women's empowerment (Targets 5.5, 5.b).

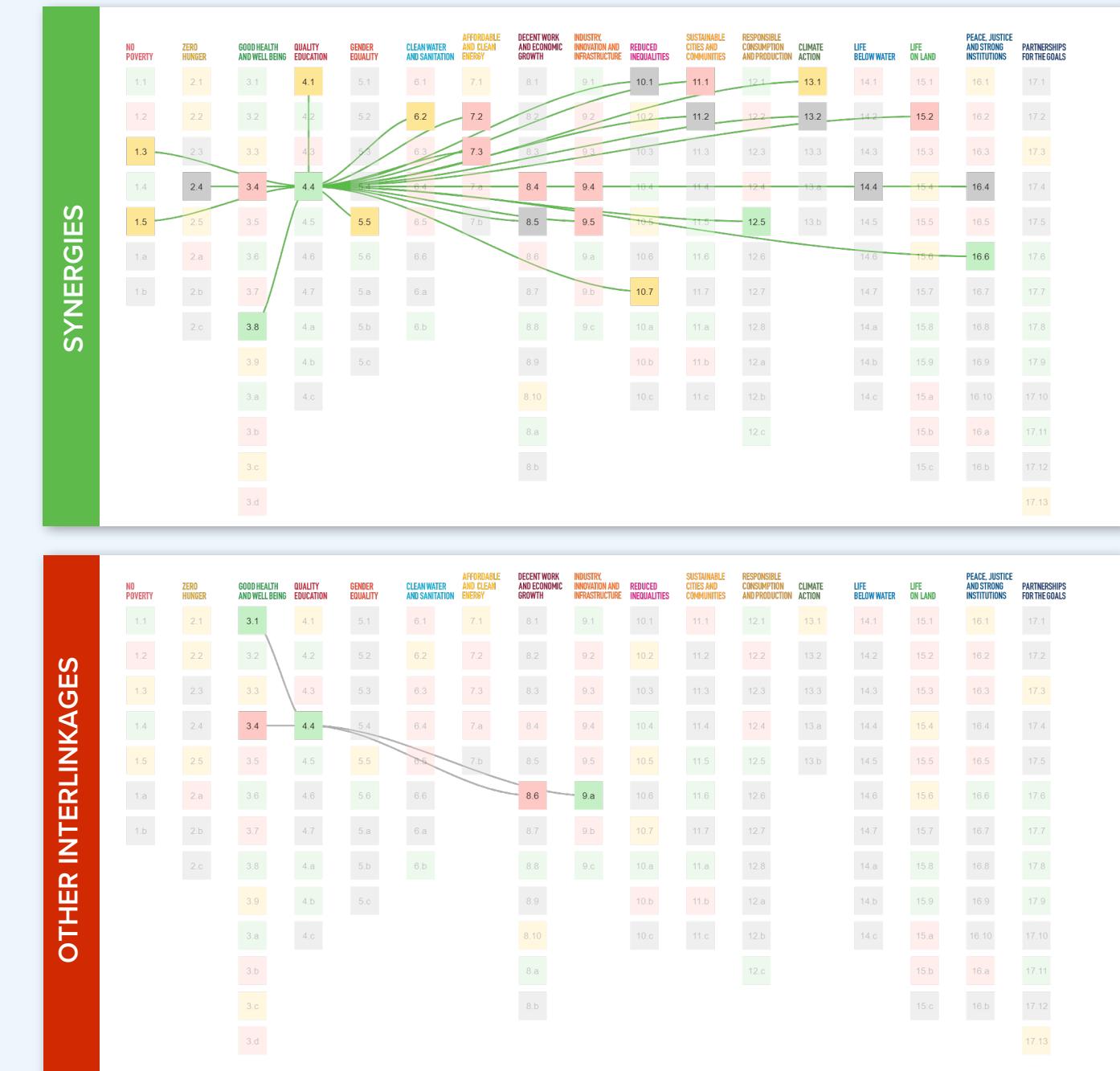
Sustainable urbanization, including transportation services (Targets 11.1, 11.2), and targeted inclusion policies (Targets 1.3, 10.3) will contribute to improving equality of opportunities.

● ON TRACK

● FOR REVIEW

● OFF TRACK

● TRENDS NA



Explore the interlinkages at:

<https://data.undp.org/sdg-push-diagnostic/MNE/synergies-and-tradeoffs>

# SDG INTERLINKAGES

**8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small and medium-sized enterprises, including through access to financial services**

The policies for accelerated, inclusive and sustainable growth of Montenegro's economy (Target 8.3) are fully compatible with both the EU integration agenda and the SDGs and can serve as powerful catalysts for growth and development. These policies are aimed at achieving faster economic growth for convergence with the EU (Target 8.1) and are based on increased agricultural productivity (Target 2.3) and industrial productivity (Targets 9.2, 9.3).

Policies for sustainable growth also include those aimed at recognizing unpaid care and providing public care infrastructures and services (Target 5.4), enhancing women's participation in decision-making and women's empowerment (Target 5.5), including through STEM and ICT education (Target 5.b), and ensuring them equal rights to access and control of resources (Target 5.a).

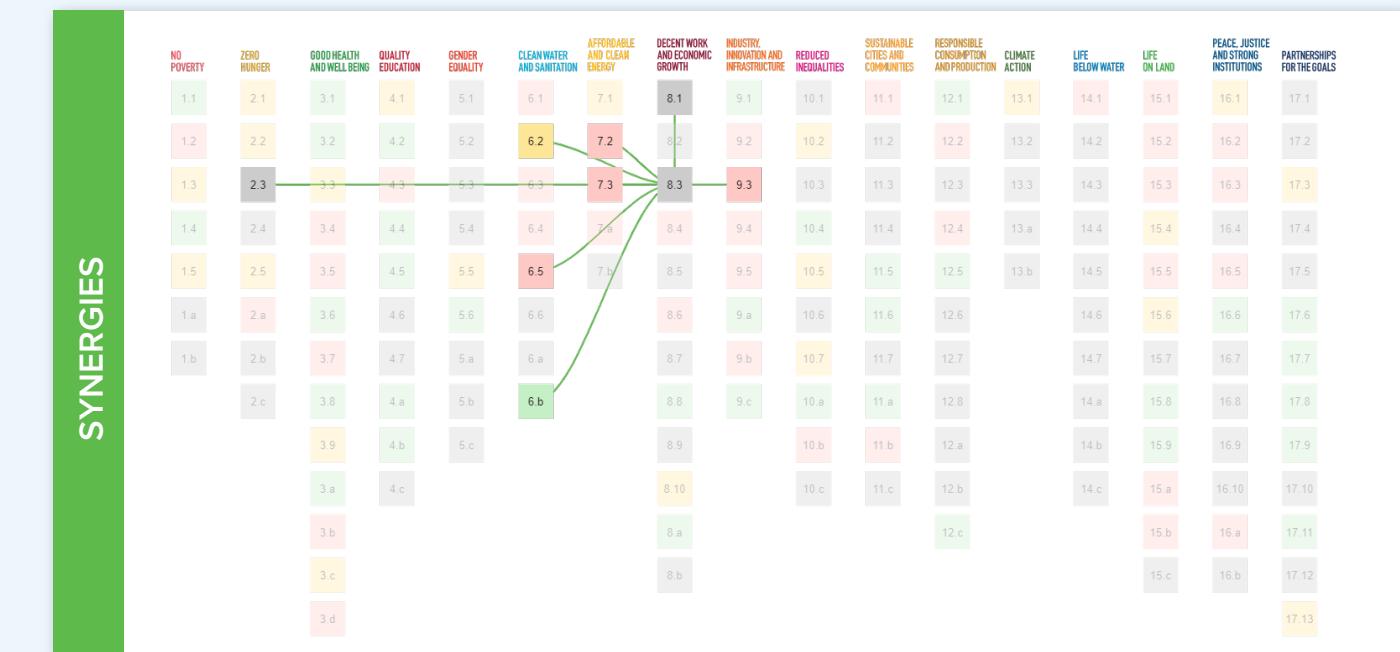
Digitalization, which lies at the heart of these policies, requires developing quality, reliable, sustainable and resilient infrastructure, including ICT (Targets 9.1, 9.c). Economic policies aim at increasing global resource efficiency (Target 8.4), increasing energy efficiency (Targets 7.2, 7.3), and ultimately to decoupling economic growth from environmental degradation while ensuring climate resilience.

● ON TRACK

● FOR REVIEW

● OFF TRACK

● TRENDS NA



Explore the interlinkages at:

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# SDG INTERLINKAGES

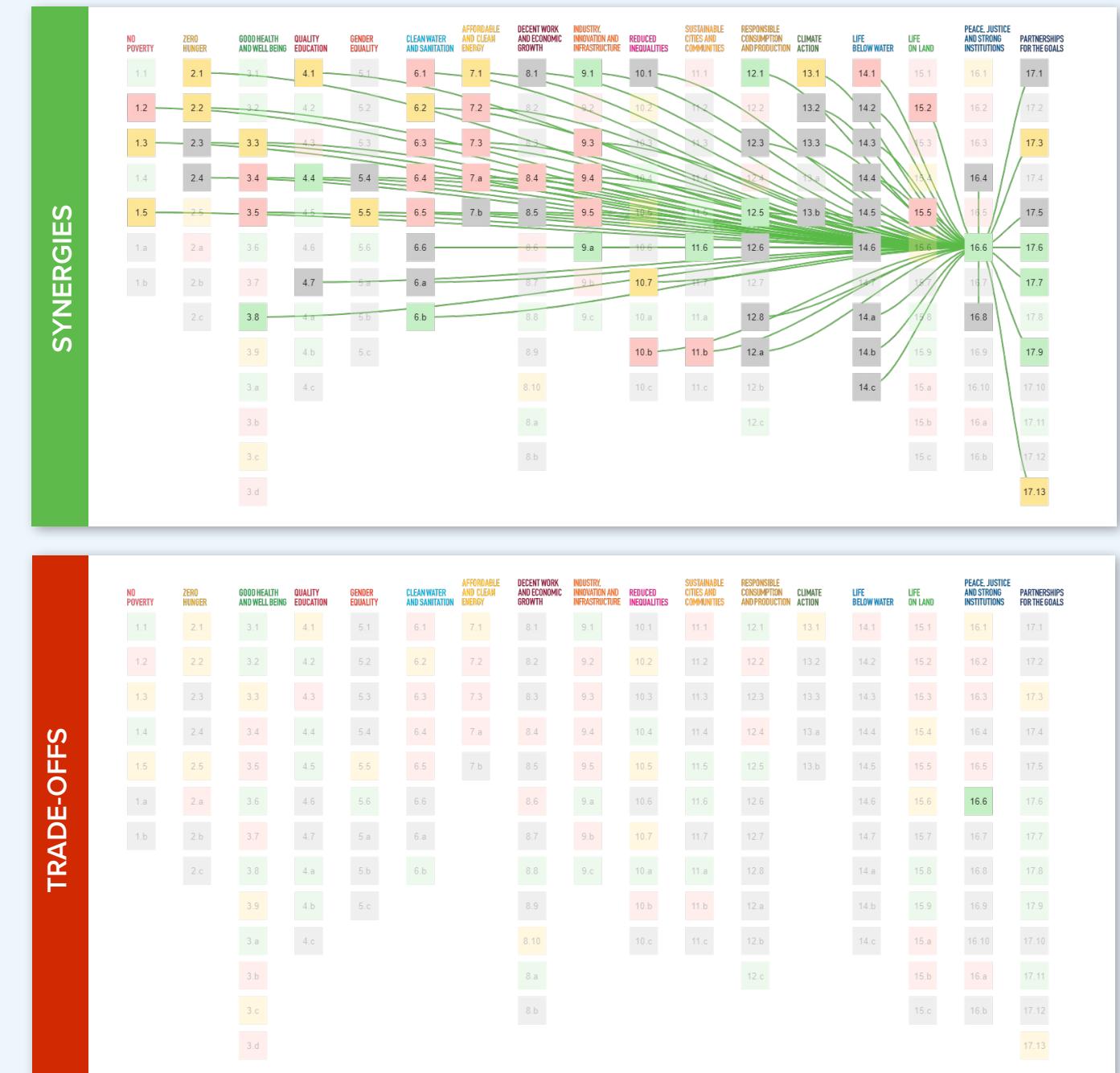
**16.6. Build effective institutions and Target 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels**

Policies for achieving the SDGs require strong (Target 16.6) and inclusive (Target 16.7) institutions. Not surprisingly, SDG 16 is at the centre of both the SDGs and EU accession, particularly as concerns the judiciary and fundamental rights, and justice, freedom and security. Negotiations on accession chapters on these issues are seen as the backbone of the whole negotiation process.

These targets have broad acceleration effects through improving inequality of opportunities and thus economic inclusion (Targets 10.1, 10.3) through implementation of specific policies aimed at women's empowerment and participation in decision-making (Target 5.5).

They are accompanied by policies aimed at reducing and redistributing unpaid care work (Target 5.4) reducing territorial inequalities (Target 11.2), promotion and protection of the human rights of the most vulnerable groups, such as Roma, children and LGBTIQ (Targets 10.3, 1.5).

● ON TRACK      ● FOR REVIEW      ● OFF TRACK      ● TRENDS NA



Explore the interlinkages at:

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# FUTURES SCENARIOS

Achieving the SDGs is possible.

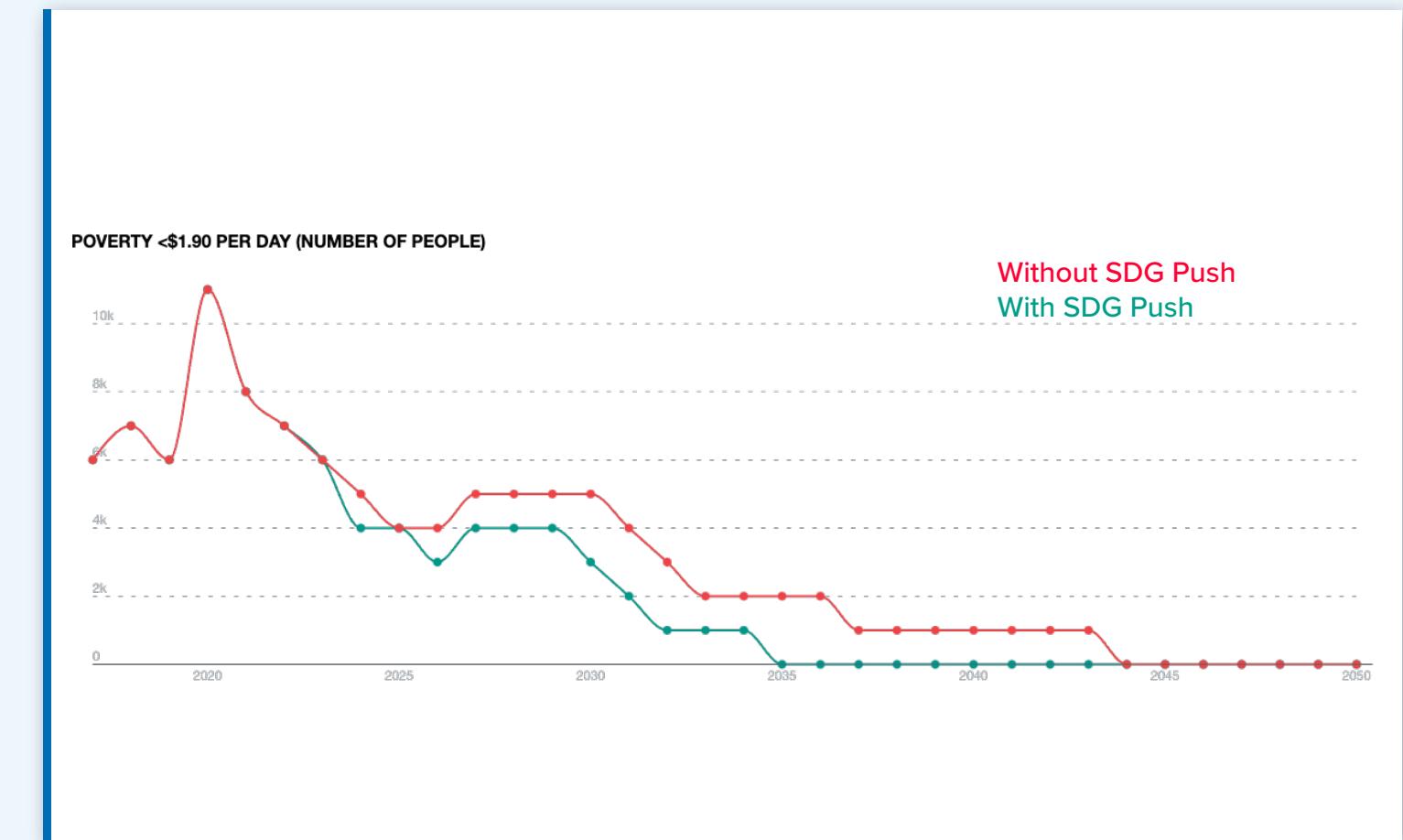
The ‘SDG Push’ is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, the Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating ‘SDG Push’ accelerators into development interventions in Montenegro can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	50,000	0
With the SDG Push	3,000	0

As an upper-middle-income country, Montenegro also focuses on reduction of the at-risk-of-poverty rate, especially with children and adolescents. The at-risk-of-poverty rate in 2021 stood at 21.2%, signifying the proportion of individuals whose equivalised disposable income fell below 60% of the median national equivalised disposable income across all households.

*Survey on Income and Living Conditions (EU-SILC): <https://www.monstat.org/eng/page.php?id=1531&pageid=1>*



*Explore SDG Futures Scenarios at:*

<https://data.undp.org/sdg-push-diagnostic/MNE/future-scenarios>

# FINANCE & STIMULUS

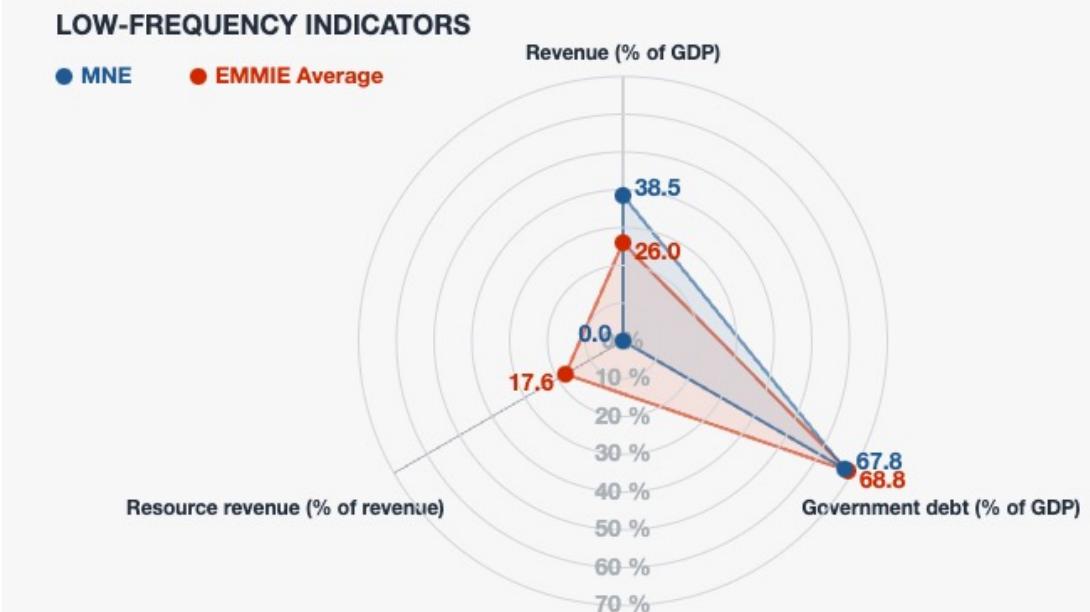
Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low frequency data points linked to government revenue and debt as a proportion of GDP and the natural resource share of total revenue. The financial indicator graph shows external debt servicing relative to revenue.

Montenegro's gross government debt, projected at 67.8% of GDP in 2023, is slightly below the emerging market and middle-income economies (EMMIE) group of 68.8%. The country is projected to collect 38.5% of GDP in revenue this year, thus nearly 1.5 times the EMMIE average of 26%.

Montenegro's external debt servicing relative to revenue, at a projected 11.7% this year, is close to the EMMIE group's 12.3%.

Although it has recorded a decrease in public debt, Montenegro is facing a debt of €1.15 mn due in 2025. To meet these obligations, changes in fiscal policy and activities to reduce the informal economy are expected.



## FINANCIAL INDICATORS

● MNE ● EMMIE Average

Total external debt servicing (% of revenue)



Notes: External debt covers public and publicly guaranteed debt. The EMMIE average of resource revenue (% of revenue) includes the 60 countries that reported data for that indicator.

Sources: UNU-WIDER GRD (resource revenue, data from 2021), IMF WEO April 2023 (debt and revenue, forecasts for 2023), IDS (external debt, data from 2023).

# SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by Montenegro, possible financing options for the investments derived from the identified interlinkages are as follows:

- Tax and revenue reforms, including a review of the effectiveness of tax expenditures in relation to the national development agenda to support private investments in SDG priority areas.
- Debt for SDGs, and more specifically domestic borrowing for the Green Transition. This process may benefit more from a coherent policy support (e.g. tax incentives and other de-risking measures) to attract lending and investments to green financing (e.g. from the excessive domestic deposits).
- Streamlining budget expenditures towards SDG-friendly sectors and budget programmes via the introduction of SDG coding into the budget information management systems.
- Blended and public-private finance.
- SDG-aligned business environment and investment.
- Accessing financial markets and insurance.

**United Nations  
Secretary-General's  
SDG Stimulus  
to Deliver  
Agenda 2030**

FEBRUARY 2023



# METHODOLOGY

Click [here](#) to view the Methodological Note for the Integrated SDG Insights



## SDG MOMENT

### Methodology

Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

### Data Sources

Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO<sub>2</sub> emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).



## TRENDS & PRIORITIES

### Methodology

SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents.

### Data Source

Trends utilizes official [UN statistics](#) to assess [SDG progress](#), supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.



## INTERLINKAGES

### Methodology

Global target-level interlinkages are drawn from the [KnowSDGs Platform by European Commission](#). SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

### Data Source

The exercise globally considered a total of 454 documents published from 2015 to August 2022. ([Miola et al., 2019](#) updated in [2021-2022](#))



## FINANCE & STIMULUS

### Methodology

Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

### Data Source

Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).