

€18m Montenegro Forestry Project Approved to Boost Sustainability and Jobs

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The World Bank’s Board of Executive Directors has approved an €18 million loan to Montenegro to strengthen sustainable forest management, reduce wildfire risks and support growth in the country’s wood processing sector.

Forests cover around 60 percent of Montenegro’s territory and play a critical role in supporting rural livelihoods, protecting ecosystems and contributing to climate mitigation. However, the sector faces growing pressure from natural hazards, particularly increasingly frequent and severe wildfires, while its economic potential remains underutilised.

The Montenegro Forests for Shared Prosperity Project will focus on modernising forest management systems and improving the competitiveness of the wood processing industry. It will introduce new technologies to enhance monitoring, curb illegal logging and improve traceability across forest products, while also strengthening wildfire prevention and response capabilities.

Alongside operational improvements, the project will support institutional reform by addressing policy gaps and building long-term capacity across both forest management and wood processing. This includes developing a more sustainable framework for managing forest resources and increasing value creation within the industry.

Christopher Sheldon, World Bank Country Manager for Bosnia and Herzegovina and Montenegro, said: “Montenegro’s forests are vital for people’s livelihoods as well as for the country’s environment. This project will help manage forests more sustainably while supporting a stronger, more competitive wood processing industry, one that can create better jobs and drive long-term growth.”

The programme is expected to enhance the sector's competitiveness in European and international markets, while delivering wider benefits including job creation, improved living standards in rural areas, expanded forest coverage and increased carbon sequestration capacity.