

# A Roadmap Towards Circular Economy of **Albania**

KEY FINDINGS





By integrating the roadmap's measures into regulations and sectoral policies, Albania can establish a cohesive framework, enabling a transition to a circular and climate-neutral economy. Benefits include enhanced resource efficiency, improved waste management, reduced environmental pressure, better public health, strengthened material security, and increased industrial competitiveness and job creation.





## Key messages

This roadmap aims to guide the Albanian government in shaping policies for a circular economy, focusing on enhancing inter-institutional co-ordination and collaboration with stakeholders to propel the transition. Drawing from a thorough assessment of the circular economy, it integrates existing policies and fosters collaboration between sectors, measures, and stakeholders.

While Albania has made progress in relatively decoupling economic growth from resource use, low resource productivity and environmental pressures, especially related to improper waste management, persist. Continued economic growth and rising consumption could worsen these issues, escalating production-related emissions and threatening the country's resilience and competitiveness.

Institutions recognise the importance of a circular transition for promoting sustainable production and consumption while advancing economic, environmental, and social objectives. Yet, low societal awareness of circular economy concepts, inadequate infrastructure, and limited financing options are hampering meaningful progress.

The cross-cutting nature of this transition underscores the need for a whole-of-government approach in policy formulation and implementation, alongside collaboration among diverse stakeholders.

Stakeholder engagement, particularly through consultations with a diverse circular economy working group, has been instrumental in identifying priority areas and will be crucial for operationalising and advancing circular economy objectives.

Following a multi-criteria analysis and stakeholder consultations, priority areas identified as highly impactful when applying circular economy principles, include:

- **economic instruments to stimulate sustainable consumption and production**
- **facilitating the transition to circular business models in the SME sector**
- **closing the plastics life cycle, with a focus on marine litter.**

Identified policy measures across the three priority areas will aid in improving municipal waste management, promoting a sustainable tourism sector and enhance understanding and awareness of the circular economy. Adopting and implementing these measures can also help Albania achieve its climate change mitigation objectives, as a significant share of greenhouse gas emissions are associated with materials production and consumption.



# Rationale for the roadmap

## Economic growth and heightened consumption increase the demand for raw materials

Despite resource productivity doubling from 2016 to 2021, a high volume of physical resources is needed per unit of Albania's gross domestic product. This exacerbates waste management challenges, posing a significant threat to ecosystems and potentially worsening existing climate change vulnerabilities. Waste generation remains

approximately 30% below the EU average, but the upward consumption trend may worsen problems related to unmanaged landfilling, manifesting in low municipal waste recycling rates (estimated at 17%) and high plastic leakage into the Adriatic Sea. A circular economy holds considerable promise for tackling these challenges.

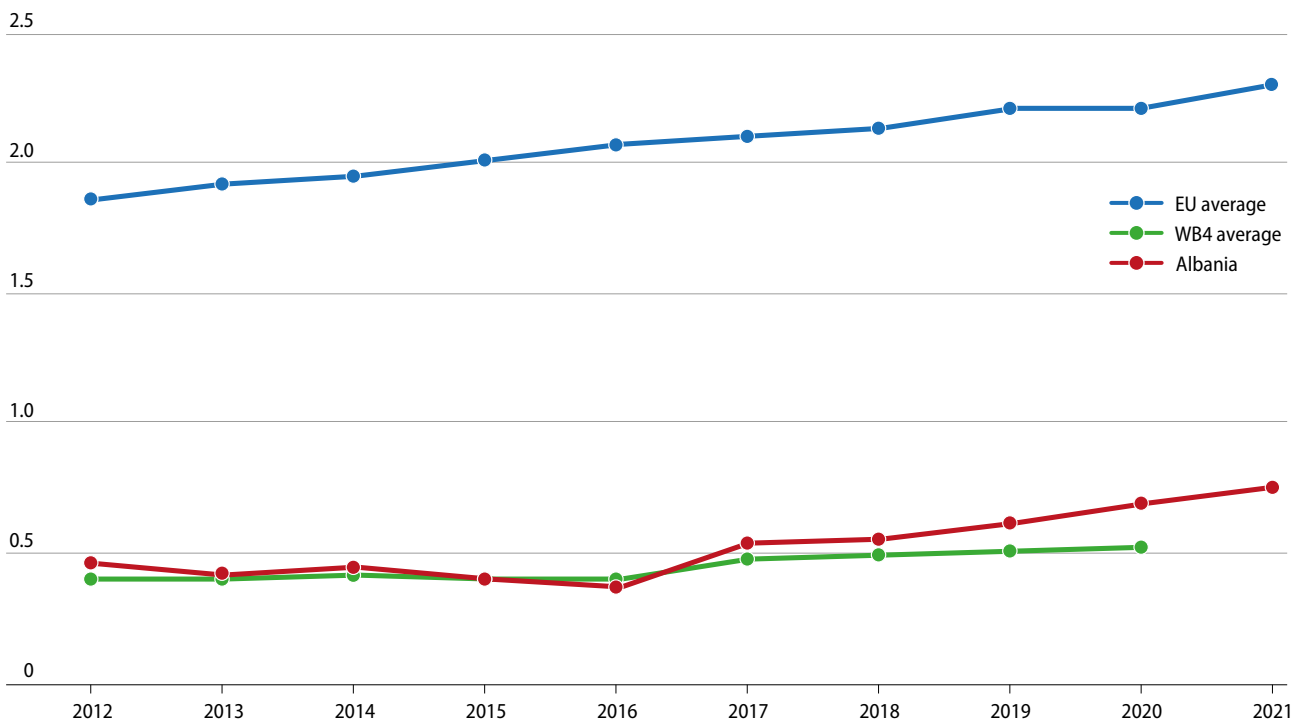
## Aligning paths with the EU Green Deal and the Green Agenda for the Western Balkans

Efforts to boost energy and resource efficiency, reduce waste, and promote circular initiatives are gaining traction, showcasing a collective commitment to combat environmental degradation. Albania, en route to EU accession, strategically works on harmonising its

environmental policies with EU norms and participates in regional endeavors supporting the Green Agenda for the Western Balkans. Nevertheless, these efforts should be intensified and better co-ordinated.

*Albania needs a cohesive approach to guide it towards a circular economy, building the necessary infrastructure, raising awareness of the concept and providing financial impetus for an impactful transformation.*

Figure 1. Resource productivity in Albania, the European Union and Western Balkans, 2012-2021



Note: WB4: Western Balkans 4: Albania, Bosnia and Herzegovina, North Macedonia, and Serbia.

Source: Eurostat (2023), Resource productivity, [https://doi.org/10.2908/ENV\\_AC\\_RP](https://doi.org/10.2908/ENV_AC_RP).

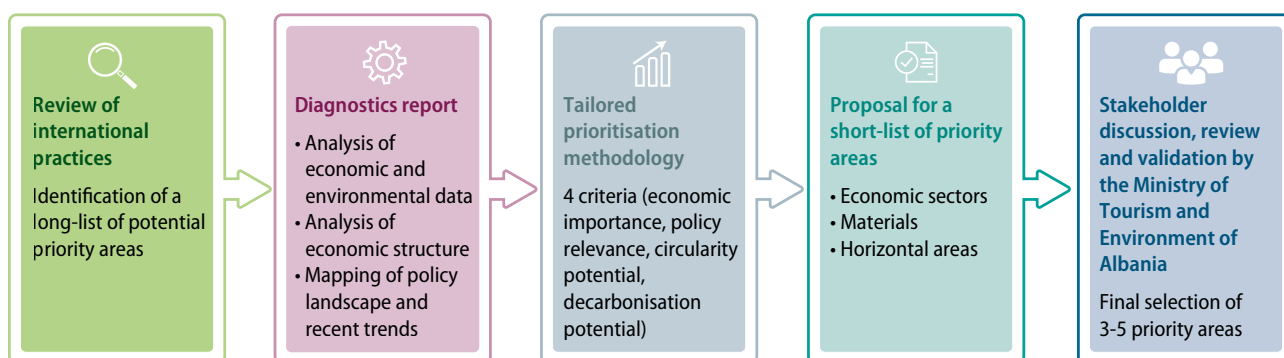
# Taking an inclusive approach to shaping Albania's circular economy agenda

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Transitioning to a circular economy is a long-term process requiring broad societal consensus. This roadmap was developed through a multi-step process involving a wide range of stakeholders across government, private sector, civil society, academia, and international community in a continuous dialogue, co-ordinated by the Ministry of Tourism and Environment.

The development of the roadmap started with conducting a comprehensive diagnostic of key economic and environmental factors, pinpointing the gaps in both policy and practice. Based on its results and employing a customised OECD prioritisation methodology, key priority areas for the circular economy transition in Albania were determined. This included qualitative and quantitative analysis, along with extensive stakeholder discussions, which informed the choice of final priority areas.

Figure 2. **Proposed approach for the selection of the priority areas of the Circular Economy Roadmap in Albania**



## MONITORING FRAMEWORK – AN INTEGRAL FEATURE OF THE ROADMAP

A circular economy monitoring framework intends to provide a comprehensive overview of relevant indicators that can help monitor the implementation of the recommendations as well as Albania's overall circular economy transition.

The proposed monitoring framework has a two-tier structure:

1. A set of headline indicators to monitor the economy-wide circular transition in Albania, largely based on the European Union's circular economy monitoring framework and grouped into five categories:
  - 1) production and consumption;
  - 2) waste management;
  - 3) secondary raw materials;
  - 4) competitiveness and innovation; and
  - 5) global sustainability and resilience.
2. A set of indicators per priority area to monitor the progress made on specific recommendations (e.g. qualitative ones: the implementation has started, is ongoing or completed).



# 1

## Leveraging economic instruments for sustainable consumption and production

Economic instruments are strategically proposed as a priority area to drive Albania's environmental goals, as they have been proven to offer a cost-effective way to encourage behavioural change and spur innovation, while also generating potential revenue. These measures, crucial in enhancing recycling rates and waste management, are integral to Albania's broader objectives in national policy, as well as within the Green Agenda for the Western Balkans and its EU accession efforts.

The cross-cutting nature of this priority area provides a comprehensive and balanced approach to the country's transition to a circular economy, as it can accommodate a variety of economic instruments that are relevant for multiple economic sectors (including tourism) and materials and that provide economic incentives to private actors throughout the value chain.

### Key policy recommendations to strengthen the use of economic instruments include:

- Increase recycling and material recovery by implementing planned extended producer responsibility (EPR) take-back schemes to increase the collection and recycling rates of specific waste streams (e.g. packaging, waste electrical and electronic equipment, batteries, and accumulators).
- Strengthen the incentives provided by fiscal instruments for the circular economy and implement new measures to address different stages in the product life cycle (e.g. landfill tax, materials taxes, household waste charge reforms).
- Gradually increase the use of green public procurement criteria as award criteria for a more circular supply of products and services.

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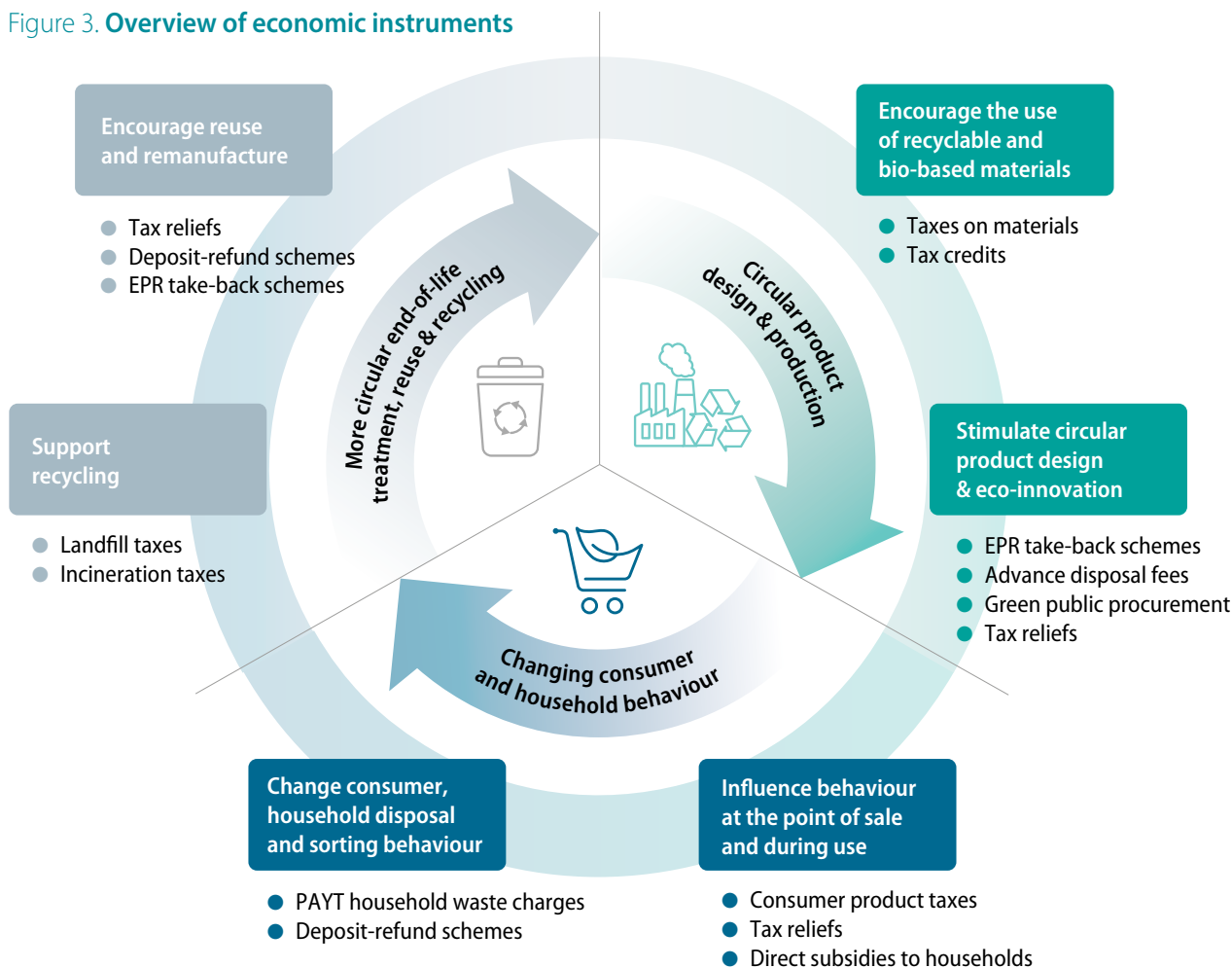
### DID YOU KNOW?

A new law on EPR should be adopted in the second quarter of 2024 that will establish EPR take-back schemes for packaging; waste from electrical and electronic equipment; and batteries and accumulators in the country. The implementation of EPR schemes is planned as part of Albania's National Plan for Integrated Waste Management, with support also planned through the EU4Circular Economy project.



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Figure 3. Overview of economic instruments



Source: Adapted from OECD (2022), Closing the loop in the Slovak Republic: A roadmap towards circularity for competitiveness, eco-innovation and sustainability, <https://doi.org/10.1787/acadd43a-en>.

**GOOD PRACTICE**

**GREEN PUBLIC PROCUREMENT AS A DRIVER FOR CHANGE IN ITALY**

Since 2016, Italy mandates that public entities incorporate Green Public Procurement criteria for selecting products and services. This approach, backed by specific legislation and voluntary certification like the “Remade in Italy” label, not only encourages environmental sustainability by the providers, but also unlocks tax benefits for businesses meeting minimum recycled content standards. This underlines the policy’s dual aim: promoting green procurement while driving economic incentives for companies to adhere to sustainable practices.



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# 2

## Circular business models for SMEs

The focus on circular business models for SMEs in Albania is driven by their crucial role in the economy, accounting for 99.8% of enterprises and a significant share of employment, especially in the services sector. Recognising their environmental footprint alongside their potential for innovative environmental solutions, adopting circular business models becomes imperative for Albania's transition to a circular economy.

This shift offers more than just environmental benefits; it allows SMEs to capitalise on novel business prospects and streamline operations through sustainable practices. Proposed policy recommendations aim to create an enabling framework that supports SMEs across various sectors in adopting circular practices.

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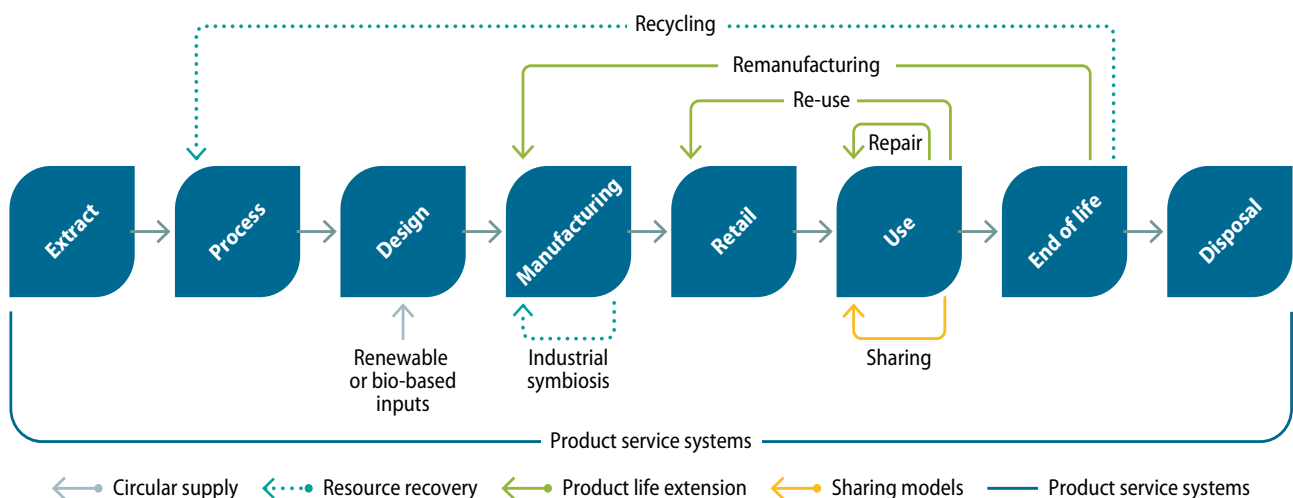


### DID YOU KNOW?

Only 20% of Albanian businesses believe that their business models allow for a shift towards a circular economy, with added costs and the lack of government subsidies being the most significant impediments in this regard.

**Source:** Regional Cooperation Council, 2023.

Figure 4. Typology of circular business models



**Source:** Adapted from Lacy and Rutqvist (2015), *Waste to Wealth: The Circular Economy Advantage*, Springer.





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### Key policy recommendations to support the adoption and scale circular business models include:

- Provide financial support for scaling up circular business models by introducing calls for SMEs within existing and new funding programmes and offer corresponding non-financial support.
- Establish and strengthen multi-stakeholder co-operation within and across value chains by establishing outlets for collaboration (e.g. circular economy business platforms, investor-entrepreneur matchmaking events).
- Raise SMEs' awareness and education on the circular economy through different engagement channels (e.g. communication campaigns, training programmes, administrative support).

### GOOD PRACTICE

#### CIRCULAR ECONOMY PLATFORMS

Circular economy hubs, such as those established in Slovakia, Italy, and Türkiye offer resources, networking, and innovation support to businesses. They facilitate the adoption of circular practices by providing legislative updates, fostering business collaborations, and advocating for policy integration. Through targeted workshops and events, they enhance understanding and implementation of circular economy principles, demonstrating the economic and environmental advantages of such models. By bridging gaps between sectors, these hubs promote sustainable practices and help SMEs navigate the challenges of limited resources and information.



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# 3

## Plastics, with a focus on marine litter

Plastics has been identified as a priority area for Albania primarily due to its significant policy relevance and environmental impact. The country faces challenges with low-quality waste data and minimal recycling rates, with plastics constituting a small but critical share of generated waste.

Additionally, Albania experiences substantial leakage of (often untreated) plastic waste into the Adriatic-Ionian basin, exacerbating pollution and harming marine ecosystems and human health. The country's efforts to address these issues are in their beginnings, highlighting the need for enhanced policy instruments to achieve national goals.

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### GOOD PRACTICE

#### CROATIA INITIATIVE TO MINIMISE TOURIST INDUSTRY PLASTIC POLLUTION

In response to the surge in waste from tourism, particularly during summer, Croatia has launched initiatives aimed at minimising plastic pollution in key tourist areas. Dubrovnik, a city where waste can quadruple in the summer, has pledged to eliminate single-use plastics by 2030. This commitment involves enhancing waste management and creating Reuse Centres, integral to the "Plastic Smart Cities Croatia" initiative. This comprehensive strategy, aimed at drastically reducing plastic waste, encompasses legal changes, educational campaigns, and active involvement of the tourism industry, showcasing a proactive approach to sustainable tourism and waste reduction.





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### Key policy recommendations for a more circular plastics life cycle include:

- Close the plastics loop through increased recycling and better waste management by investing into infrastructure and other measures targeting plastic packaging waste (e.g. extended producer responsibility take-back schemes, deposit-refund systems).
- Shift demand from single-use plastics to alternatives and more reuse through a ban on single-use plastic products and targeted green public procurement.
- Curb virgin plastics use through design and production-related measures (e.g. eco-modulated fees, minimum recycled content requirements, taxes on plastics).
- Implement cross-cutting measures to raise awareness and educate authorities, businesses and households on preventing plastic waste and developing efforts to curb marine plastic litter.



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These Key findings are based on the OECD South East Europe Regional Programme's publication ***A Roadmap towards Circular Economy of Albania***, produced as part of the project "Supporting Green Transition through Circular Economy Roadmaps in the Western Balkans".

This publication offers a strategic roadmap to guide Albania's journey towards a circular economy. It includes a rationale and outlines key objectives for the circular transition, followed by an in-depth analysis of the current state of the circular economy in the country. Building upon a comprehensive analysis, it puts forward 35 targeted recommendations across three priority areas, complemented by relevant examples of key measures. Supported by a monitoring system, this roadmap lays the groundwork for policy development and action implementation, aiming to drive meaningful change and create a more sustainable future for Albania.

For more information:



**Marzena Kisielewska**

*marzena.kisielewska@oecd.org*

Head of the South East Europe Division

OECD Directorate for Global Relations and Co-operation

**Jovana Pavlovic Djukic**

*jovana.pavlovicdjukic@oecd.org*

Team Lead for Green Economy and Sustainability

South East Europe Division

OECD Directorate for Global Relations and Co-operation



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