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TOWARDS A CIRCULAR ECONOMY ROADMAP OF ALBANIA

Prioritisation meeting, Tirana, 14 September 2023



Main features

Support for **design** of circular economy (CE) roadmaps as a basis for CE transition.

Support for **implementation** of CE roadmaps for WB economies, through different capacity building activities.

Consultation process with key stakeholders, including the government, private sector, civil society, academia and IOs **throughout the CE roadmap development** to obtain insight into their views, experiences, challenges, needs and concerns regarding the circular transition.

1. Diagnostics: state of play of circular economy in Albania

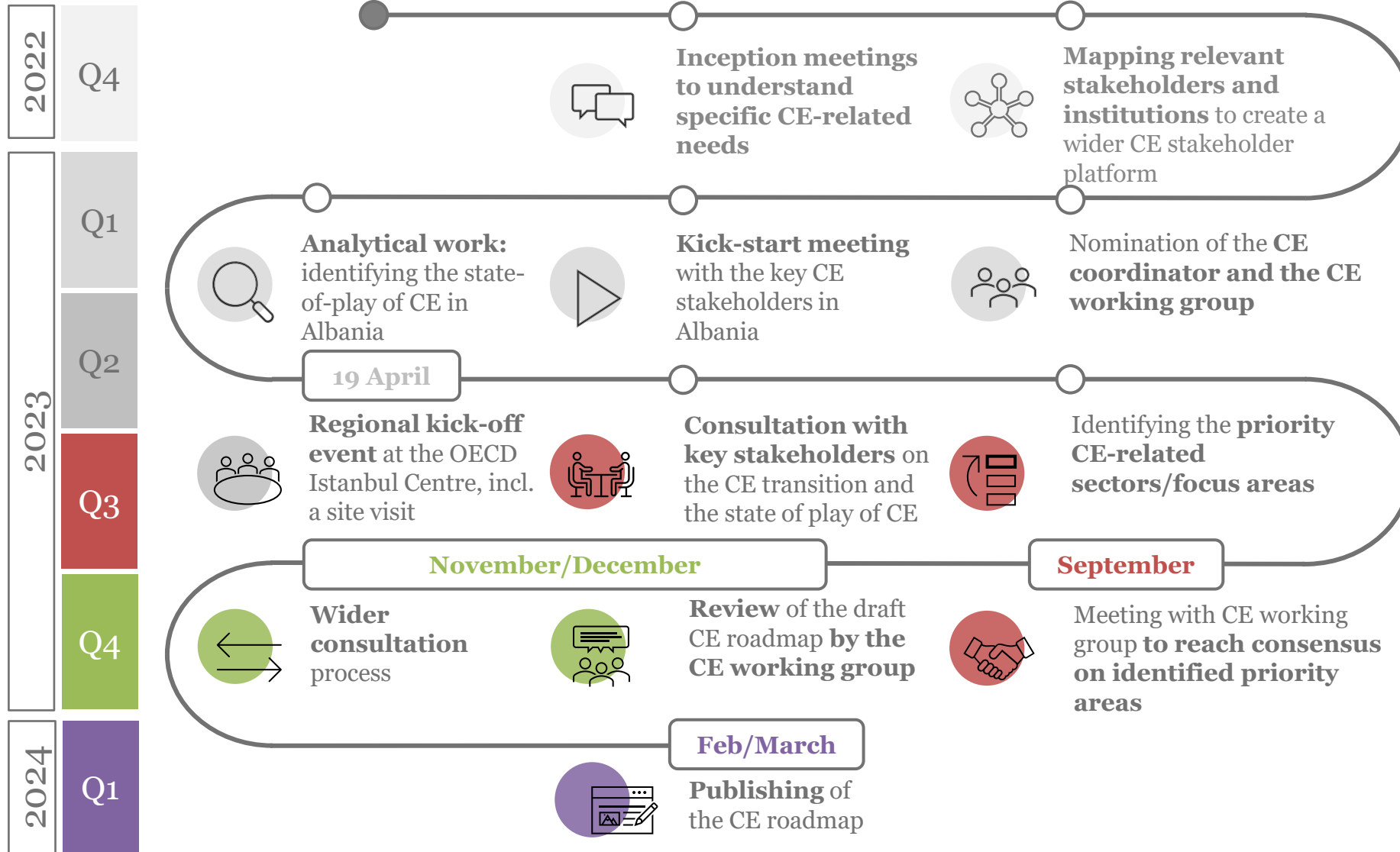
- Sectoral analysis and comprehensive review of the policy and regulatory frameworks

2. Prioritisation: identification of priority sectors/focus areas key to CE transition

- Assessment to identify key economic sectors to be involved in the circular economy transformation
- Identification of good practices that can be transferred to the economy



Timeline and key milestones





Main circular economy stakeholders in Albania



Government

Leading Ministry:

Ministry of Tourism and Environment,
Mr. Sofjan Jaupaj, CE Coordinator

- Ministry of Finance and Economy
- Ministry of Infrastructure and Energy
- Albanian Investment Development Agency



Private Sector

- Business representatives and associations of exporting industries, manufacturers, e-commerce, etc.
- Chambers of Commerce



Academia and Civil Society

- University of Tirana
- Polytechnic University of Tirana
- Various research centres and institutes
- NGOs



International Community

- EU Delegation
- GIZ
- UNDP



RECAP OF DIAGNOSTICS OF CIRCULAR ECONOMY IN ALBANIA



Albania's key economic features relevant to circular economy

AGRICULTURE

- Dominated by **subsistence farming** on small and fragmented holdings with **low-skilled jobs**
- **25% of land** is in agricultural use
- Improved farming technology and land-use practices key to achieving circularity and higher export potential

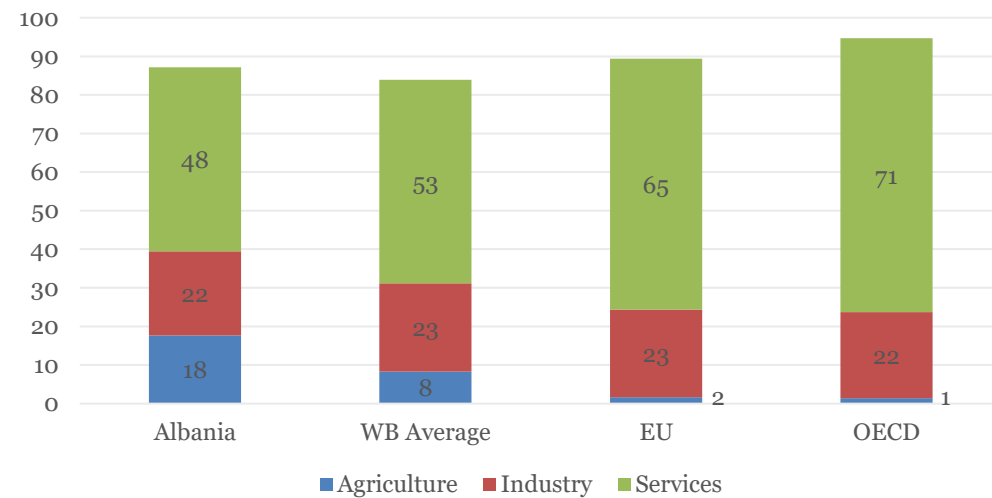
INDUSTRY

- Slow progress in adoption of **new technology and innovation**
- Most important and export-heavy industries are:
- **Textile and footwear** with low reuse and recycling
 - Energy and carbon intense **construction** and negligible production of secondary materials
 - **Mining** as a key industrial waste generator

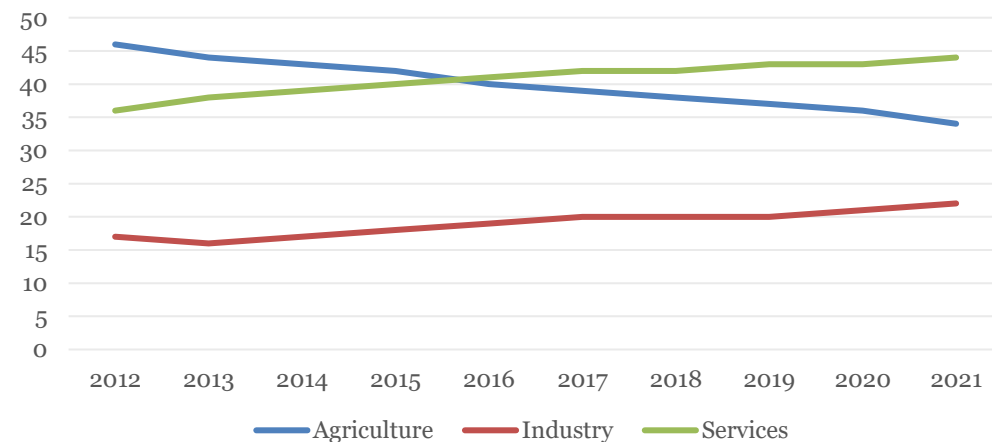
SERVICES

- Albania is a **service-oriented economy**
- Largely driven by **tourism** (impacted by economic shocks; high seasonality, concentration in coastal areas; environmental impact; recent positive policy developments)
- **Large share of SMEs** in the service sector (85%) can be a key driver in achieving circular objectives

Value added by grouped activity in Albania (% of GDP), 2021



Employment by grouped activity in Albania (% of GDP), 2012-21





Environmental trends relevant to circular economy – Energy and emissions, materials, and waste

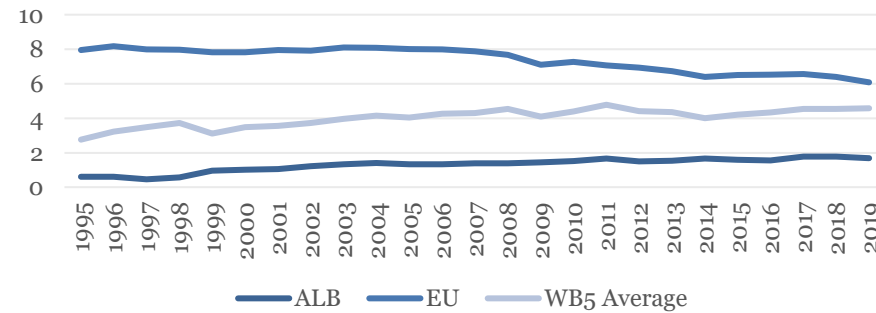
EMISSIONS

CO₂ emissions per capita in Albania almost **tripled since 1995** until their **peak in 2017**, but still much lower than in the EU and the lowest in the WB.

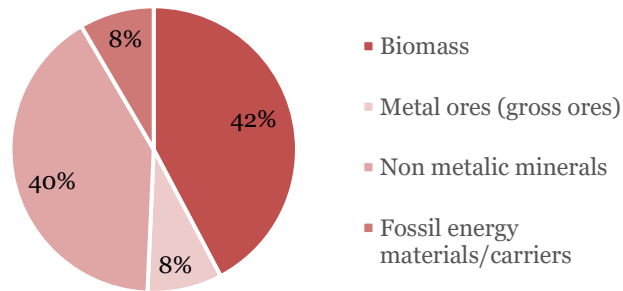
Transport is the **main emitter** ($\approx 50\%$ of total CO₂).

Energy mix is relatively green, but dependency **on oil and hydropower** threaten long-term energy security.

CO₂ emissions (tonnes/capita), 1995-2019



Structure of DMC in Albania (% of total DMC), 2021



MATERIALS

Resource productivity is improving, reached an all-time high value in 2021.

Agriculture and the use of **firewood** for heating drive the **DMC of biomass**; non-metallic minerals DMC mainly due to construction.

The DMC of **metal ores** and **fossil energy carriers and materials** has **increased** in recent years, impacting imports.

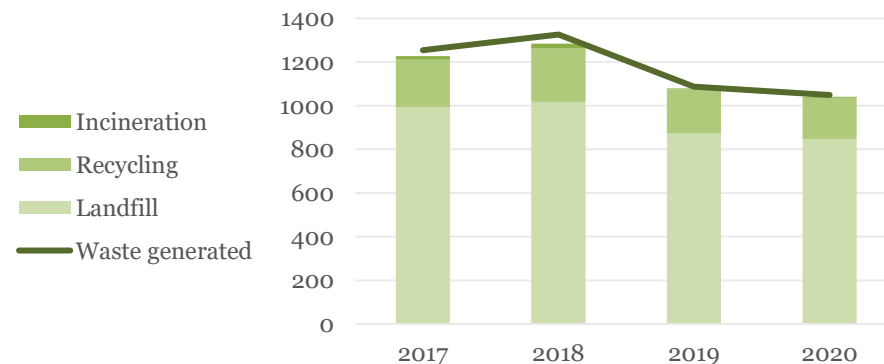
WASTE

Municipal and industrial waste management is a challenge:

- Data on waste scarce, often only estimated
- Inadequate waste separation (80% of waste landfilled)
- Recycling (18% of waste) mainly done by informal waste pickers

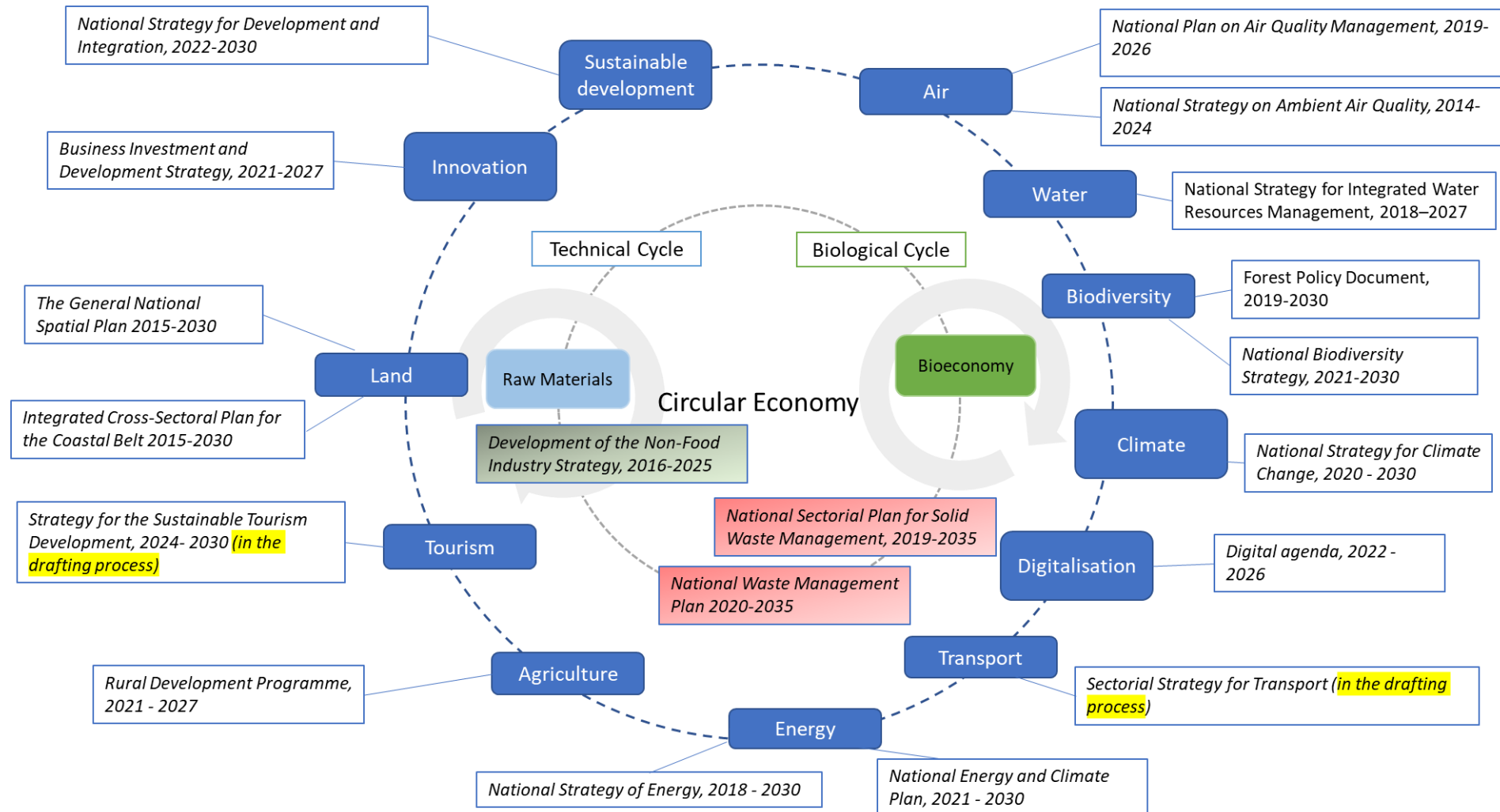
Collection services covered 89% of the population (98% in the EU), primarily urban.

Municipal waste generation (kg/capita), 2013-2020





Existing policy landscape relevant to circular economy

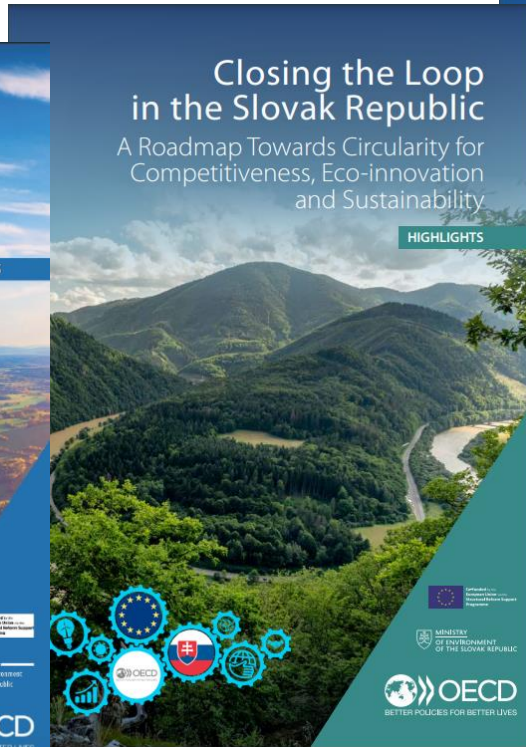
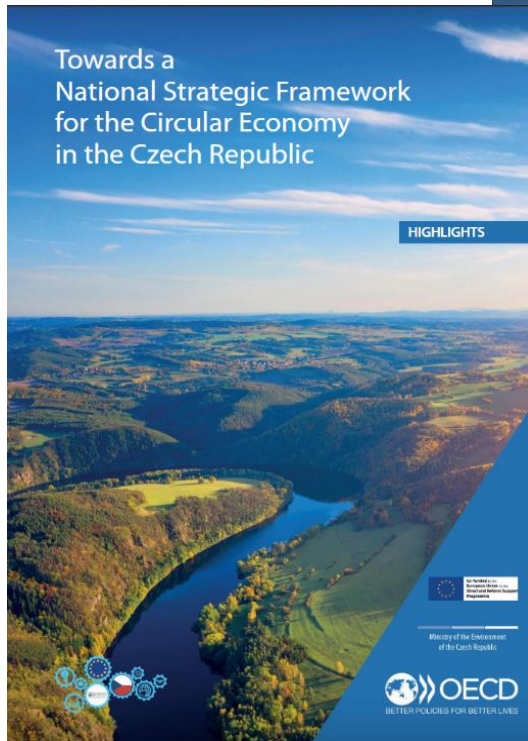




CIRCULAR ECONOMY ROADMAP DEVELOPMENT – LESSONS LEARNED FROM OTHER COUNTRIES



OECD in-country support work – Circular economy strategies, roadmaps and other technical assistance



• **Objective:** Development of guidance on advanced policy instruments to accelerate the circular economy, with focus on economic instruments, indicators and the monitoring framework, and behavioural interventions.



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Technical support for Italy





Key ingredients for national circular economy roadmaps and strategies: our experience



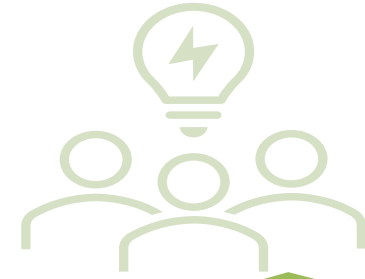
Develop clear vision



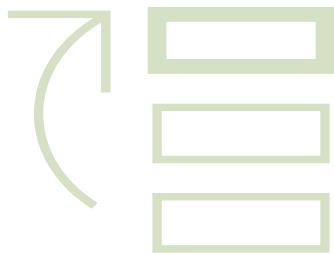
Include quantitative targets



Tailor strategy to local context



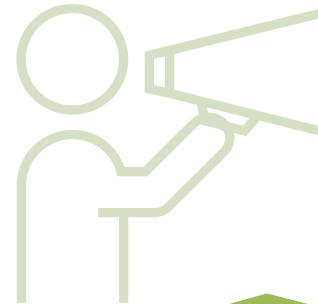
Promote shared ownership



Select priority areas



Develop implementation plan



Communicate



Monitor progress



ENSURING FOCUS AND OPERATIONALISATION – SELECTING PRIORITY AREAS



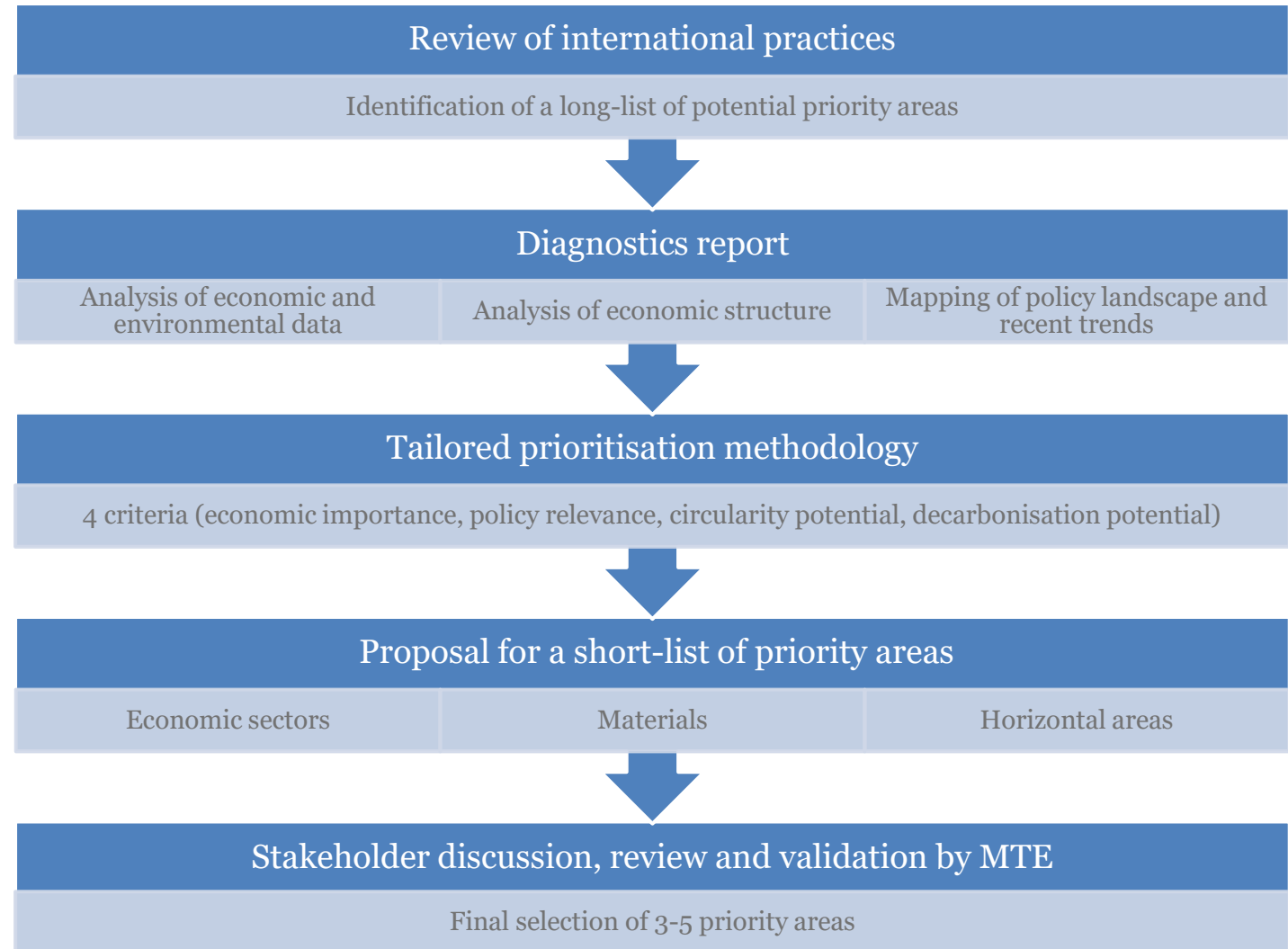
Why and how should we prioritise only certain areas / sectors in a circular economy roadmap?

Need

Circular economy a holistic concept that requires focus to become concrete and actionable

Review of international practices → best practice to focus on a limited set of priority areas

Proposed approach





Review of international practices – long-list of potential priority areas

Materials	Manufacturing sector	Service sector	Horizontal areas
Biomass and food	Automotive	Financial sector	Circular business models
Building materials	Chemicals	Logistics	Digital tools
Glass	Construction	Retail	Economic instruments
Metals	Electronics	Tourism & hospitality	Education
Paper	Packaging	Waste management	Public procurement
Plastics	Textiles		Research
Other materials, sectors and tools			



Prioritisation methodology - key criteria and relevant indicators to inform the choice of priority areas

Economic importance

- Value added of sectors (million EUR)
- Employment in sectors (number of jobs)
- Trade in sectors (million EUR)
- Position in the global value chain

Policy relevance

- Inclusion of an area in national (and EU) strategic documents
- An area with an identified policy gap

Circularity potential

- Waste generation by waste categories (tonnes or %)
- Waste treatment (incl. recycling) by waste streams (tonnes or %)
- Circularity potential of sectors and materials based on literature and national context

Decarbonisation potential

- GHG emissions by UNFCCC category (tonnes CO₂ eq.)
- Decarbonisation potential by sector based on literature

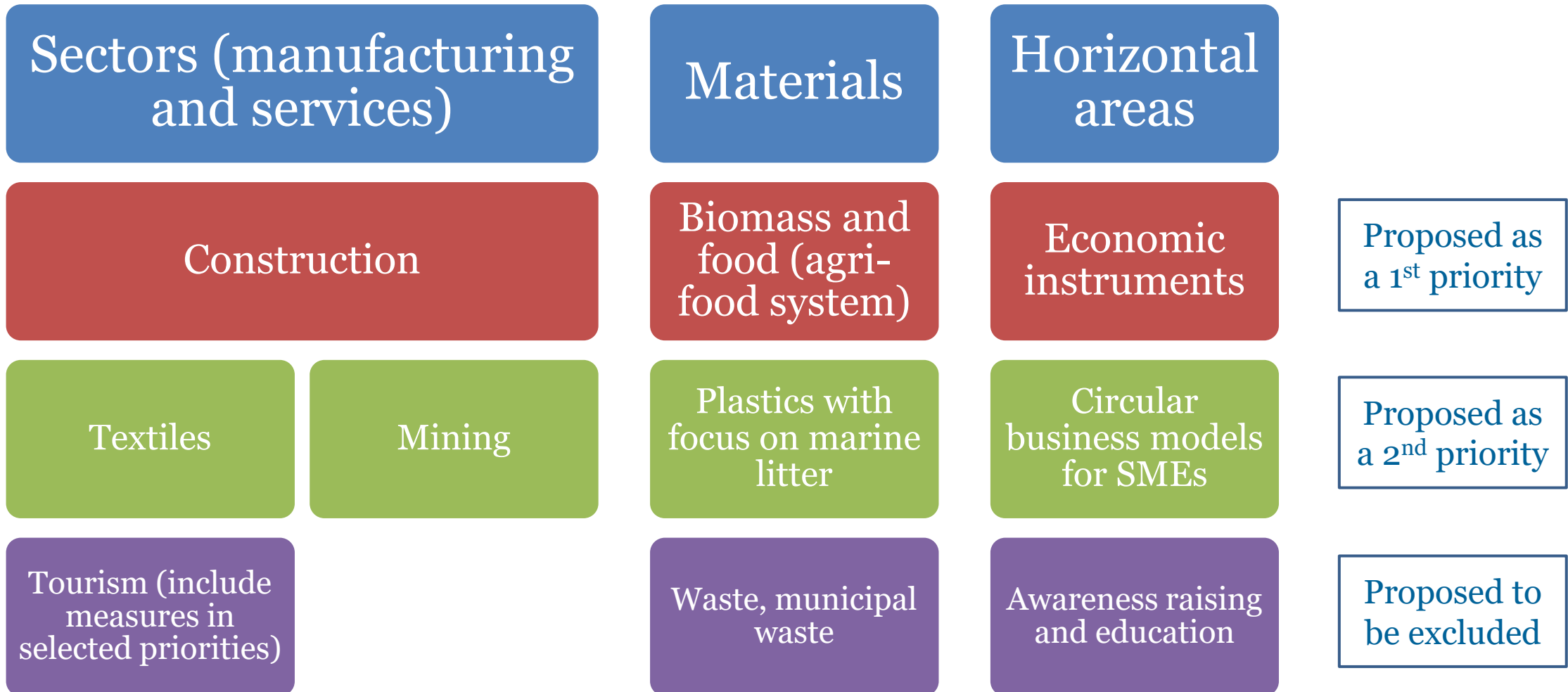
Importance of stakeholder consultation in the selection process!



KEY FINDINGS – PROPOSED SHORT- LIST OF PRIORITY AREAS FOR ALBANIA



Proposed short-list of priority areas for Albania





Sectors (manufacturing and services)



Construction

- High economic importance (socio-economic development),
- High policy relevance (incl. EU obligations and targets but on CE little done nationally),
- High circularity potential (primary materials consumption reduction, use of secondary materials, waste generation reduction),
- High decarbonisation potential (emissions intensive sector, CE measures potential to significantly reduce those emissions)



Textiles

- Medium/ high economic importance (socio-economic development, trade, involvement across the value chain but still at the low value added end in global value chains),
- High policy relevance (incl. EU obligations and national draft roadmap),
- Medium circularity potential (increased reuse and recycling, circular design),
- Medium decarbonisation potential



Mining

- Low economic importance (some GDP contribution, trade and input to economic sectors),
- Medium policy relevance (low national policy relevance but high EU policy relevance around critical raw materials),
- Medium circularity potential (mining waste reduction),
- Medium decarbonisation potential



Materials



Biomass and food

- High economic importance (socio-economic development and trade),
- High policy relevance (incl. EU obligations and targets but policy gap in CE measures),
- High circularity potential (bioeconomy development, organic waste mngt and environmental protection),
- High decarbonisation potential (agri-food sector generates significant emissions and some CE measures can curbe those). This area could include some agro-tourism measures.



Plastics with focus on marine litter

- Low economic importance (but plastics a strategic material to several economic sectors),
- High policy relevance (incl. EU obligations and targets),
- High circularity potential (single-use plastics reduction, increased recycling of plastics packaging, marine litter leakage reduction),
- Low decarbonisation potential. Regional initiative on preventing marine litter (GIZ).



Horizontal areas



Economic instruments

- Help achieve environmental outcomes in a cost-effective manner through price signals, which provide incentives for consumers and businesses to change their behaviour.
- Incentivise innovation.
- Potentially revenue generating.
- Focus could be on waste charges for households and businesses, including landfill taxes, as well as extended producer responsibility schemes and green public procurement.



Circular business models for SMEs

- High economic importance (SMEs are key to economic development),
- High policy relevance (national strategy for SMEs),
- High circularity potential as different types of circular business models exist,
- The area would need to consider financial and technical support for SMEs to engage in CE investments.



INITIAL SET OF POTENTIAL RECOMMENDATIONS FOR EACH SHORT-LISTED PRIORITY AREA



Construction – potential recommendations

Short-term

- Establish a working group on circular construction
- Implement awareness raising and capacity building for construction companies, households and tourism services
- Scale up and ensure funding for circular construction and renovation projects (initially through donor funding)
- Improve measurement and monitoring of CDW flows
- Improve waste logistics and processing of CDW

Medium-term

- Launch circular construction and renovation pilots (incl. in the tourism sector)
- Introduce (mandatory) selective demolition in combination with a gradually increasing landfill tax for CDW
- Introduce quality standards for recycled construction materials
- Strengthen GPP of construction works for all public entities and promote green procurement in private tourist accommodation

Long-term

- Introduce end-of-waste criteria for certain construction materials
- Consider implementing digital tools
- Consider new tax incentives (tax credits, reduced VAT) to promote the use of secondary raw and renewable materials in renovation
- Develop and apply advanced GPP tools to evaluate bids on green criteria



Biomass and food – potential recommendations

Short-term

- Establish a working group on a circular bioeconomy and improve multi-stakeholder cooperation
- Implement additional information campaigns and education tools on food waste prevention, separation of bio-waste at source and composting, incl. in tourism
- Introduce and scale up infrastructure for separate collection of bio-waste (initially through donor funding)
- Support investment into small-scale industrial composting and anaerobic digestion facilities to treat agricultural waste and municipal bio-waste
- Support home composting
- Educate farmers about regenerative farming practices

Medium-term

- Set a food waste reduction target
- Improve measurement of food waste across the agri-food system
- Scale up and ensure funding for circular bioeconomy projects (initially through donor funding)
- Develop a regulatory framework supporting the use of compost and digestate in agriculture, with a focus on a quality assurance system
- Promote green procurement (public and private) of food and catering services, incl. in the tourism sector

Long-term

- Launch circular bioeconomy pilots for higher-end value applications
- Enhance the use of tax incentives (food donations, bio-economy innovations)
- Engage stakeholders from animal (feed) production to support by-product valorisation
- Provide additional financial and technical support for the development of biotechnology applications and biorefineries (incl. through donor-based funding)



Economic instruments – potential recommendations

Short-term

- Effectively implement planned EPR take-back schemes
- Reform household waste charges (introduce a gradual increase of waste charges with discounts for good waste management practices, promote low-cost PAYT schemes, and improve enforcement)
- Introduce GPP, with a focus on priority sectors (capacity building, methodology guidelines)
- Introduce reuse and recycling credit schemes that would offer payments for removal of items from the municipal waste for recycling and reuse

Medium-term

- Implement landfill taxes with discounts for good sorting/high recycling
- Consider incineration taxes
- Gradually increase the (mandatory) use of green criteria as award criteria in public procurement

Long-term

- Introduce EPR take-back schemes for new products (e.g. textiles)
- Consider introducing material taxes on extracted materials / plastics
- Introduce minimum recycled content requirements within GPP (paper, plastics)
- Strengthen the use of tax reliefs for a circular economy (e.g. reduced VAT for repair, tax credits for food donations)



Textiles – potential recommendations

Short-term

- Adopt a national strategy on sustainable textiles and footwear
- Raise awareness and educate on CE in textiles and footwear for entrepreneurs and households to increase their awareness
- Introduce mandatory separate collection of textile waste
- Implement a subsidy scheme for textiles reuse, repair and recycling (initially funded through donor funding)
- Promote circular business models for textiles and footwear (e.g. sharing and renting platforms, the use of secondary and organic materials in production)

Medium-term

- Financially support circular design and cut patterns development (initially through donor funding)
- Provide financial and technical support for the production of and research into innovative materials
- Support investment into recycling infrastructure for textiles

Long-term

- Consider introducing an EPR take-back scheme for textiles
- Develop measurement of textile waste across the supply chain
- Consider implementing digital tools
- Consider setting eco-design requirements for textiles to make them last longer, easier to repair and recycle, as well as requirements on minimum recycled content



Mining – potential recommendations

Short-term

- Develop a study to understand the circular economy potential in the mining value chain in Albania
- Develop a raw materials strategy that takes into account circularity principles
- Support the development of infrastructure to recycle mining waste and dispose of hazardous waste properly
- Establish a database of extractive waste facilities and require operators to submit waste management plans

Medium-term

- Develop measurement of mining waste
- Consider introducing a requirement to recover a share of raw materials from mining waste
- Promote and support ESG standards across the mining value chain
- Introduce mandatory requirements to rehabilitate a mine site to eliminate contamination on-site and off-site

Long-term

- Consider introducing a tax on extracted raw materials (on top of royalty payments)
- Support recycling and off-site repurposing of end-of-life items (e.g. through regulation or incentives)
- Consider tax incentives for innovation in the mining sector



Plastics – potential recommendations

Short-term

- Improve municipal waste management in general
- Improve separate collection of plastic waste and other packaging
- Raise awareness and educate businesses, public authorities and households on plastic waste prevention, circular design and littering
- Implement an EPR for packaging (including plastic packaging)
- Improve multi-stakeholder collaboration also at regional and international level (e.g. to curb marine litter)

Medium-term

- Introduce taxes and/or bans on certain single-use plastics
- Introduce eco-modulated fees for plastic packaging
- Develop a strategy to curb marine plastic litter (including mapping and monitoring frameworks)
- Use GPP to favour reusable and recycled plastics
- Consider a DRS for plastic bottles

Long-term

- Support and scale up innovation into more recyclable plastic materials, plastics recycling technologies and processes as well as plastics reuse and reduction
- Introduce minimum recycled content requirements for specific plastic waste streams
- Introduce eco-design requirements to curb microplastics pollution (e.g. for textiles)
- Consider taxes on primary and non-recycled plastics



Circular business models for SMEs – potential recommendations

Short-term

- Provide awareness raising campaigns and training programmes on CE for SMEs, including showcasing of good practices, access-to-finance
- Introduce calls for circular business models projects within existing funding programmes
- Provide technical and financial assistance to SMEs (business support, access to finance support)
- Support collaboration between SMEs and academia, as well as regional and international collaboration

Medium-term

- Continue facilitating the exchange of practices and learning from peers, including cross-sectoral knowledge development
- Consider establishing a dedicated funding programme for SMEs to scale up circular business models
- Provide support to SMEs on environmental legislation and obligations to ease their administrative burden
- Promote technological disciplines and STEM skills in schools

Long-term

- Consider additional investment support for SMEs (e.g. accelerated depreciation rate, guarantee schemes, tax incentives)
- Organise investor-entrepreneur matchmaking events



WHAT ARE YOUR VIEWS?

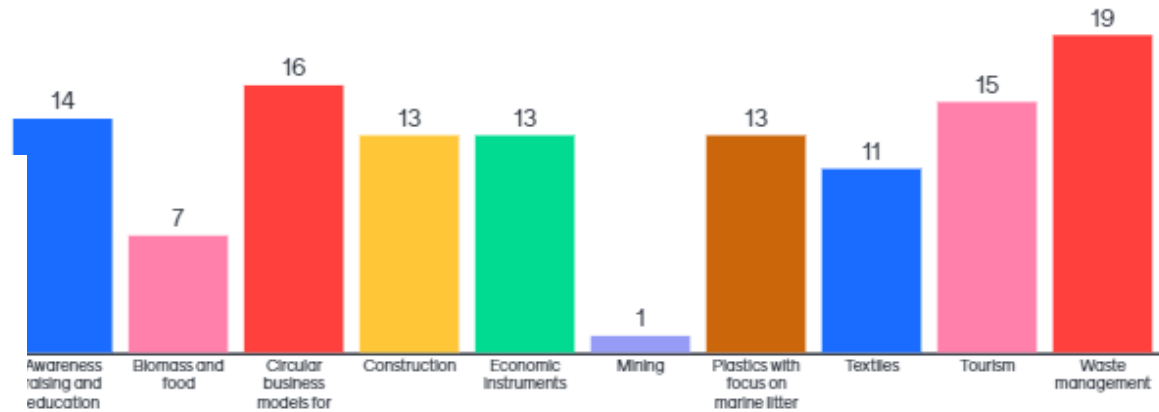


Question to audience

Join at menti.com use code 2645 898



Please select five priority areas you consider as the most important from the below list:



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insert code
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Thank you for your attention!

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