



Country brief Albania

Based on political and economic priorities of Albania as well as relevance for circular economy (CE), the following two areas of interest are addressed in this country brief:

1. Waste management
2. Construction

© Further information about these areas as well as considerations for other sectors and material streams can be found in the full study ‘Finance for Circular Economy in Low- and Middle-Income Countries’^[1], particularly in Section 3.4.

1 Waste management

Major challenges for CE: The Albanian government shows ambitions to implement circularity in the waste sector. The respective political framework, however, still needs to be developed further. Currently, 4/5 of the waste ends up on landfills. All sectors (consumer goods, capital infrastructure) are open to foreign investors as there are no legal barriers to market entry. Thus, add foreign investment and imports of consumer goods and infrastructure to waste generation in Albania.

Relevant strategies and frameworks for CE: The revised Integrated Waste Management Strategy (IWMS) – referencing EU targets and directives – is developed around the concept of ‘zero waste’. It aims at waste being collected and treated as raw materials. Waste is to be managed in accordance with the concept of circular systems, serving the criterion of use and preservation of raw material resources. Beyond the IWMS, the current legal framework, does not provide a sufficient basis for implementing a circular concept. Hence, there is an urgent need for improvements in the current legal framework that will increase the country’s ability to better utilise its resources and prolong the lifecycle of materials, products, and services. Waste management infrastructure requires modernisation, starting with the closing or making use of (illegal) landfills and implementing sound waste collection, sorting and treatment systems. However, this leaves opportunities to leap-frog and tap into underestimated circular opportunities.

Herausgegeben von:

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Table A1 Waste management in Albania – entry points for circular economy on the Value Hill (excerpt)

Up-hill	Cross-hill
Regulate or ban the import of non-CE conform products; phase out landfills and illegal dumping.	Support and finance businesses and innovations that collect organic household waste.

➤ Promising interventions for circular economy in Albania – waste management

1a. Support the establishment and cost-coverage of more efficient waste collection and treatment schemes: Support local entrepreneurship by building capacity (via technical assistance/grant funding) of value chain stakeholders, including banks (increase knowledge about bankable waste collection and treatment concepts), and supporting public authorities, financing of start-ups, setting up networks, creating innovation hubs, financing and supporting experimentation pockets, and spreading the insights, etc.. Support municipalities/local authorities (via technical assistance/grant funding) to cover the full costs for waste collection and treatment by increasing the fee collection rate and fiscal transfers from central governments, but also to introduce adequate fiscal policy measures covering direct product tax reduction on circular products and/or suspension of income tax for waste management firms.

1b. Support economic exploitation of the high-value organic waste streams by local entrepreneurs: Urban waste consists of 60 per cent of high-valuable organic waste and can be transformed into carbon-rich and nitrogen-rich compost – closing the nutrition gap that results from intensive agriculture – or into biogas. Support economic exploitation of the high-value organic waste stream by local entrepreneurs (in line with recommendation 1a.). This could be done by providing access to finance (e.g. via equity injections or low-cost debt, KPI-linked loans to local corporates to set up technology, such as high-level composting plants and other infrastructure to treat organic waste), but also capacity building (e.g. via information, education, and consultation of potential stakeholders), as well as financial and organisational support to develop early-stage firms and leverage established actors. Seed grants could finance the identification and mapping of food losses, agricultural waste, and by-product streams along the harvest and post-harvest infrastructure.

Inspirational best practices

The city of Milan (Italy) collects food waste directly from commercial sources like restaurants. Considering the level of organic waste collection unsatisfactory, the government started a programme to produce compost and biogas from residential waste separated at source and sent to an anaerobic digestion and composting facility.^[2]

As part of an effort to improve waste management in Riga (Latvia), the landfill was upgraded to capture landfill gas, and to produce electricity and heat. Revenues are generated through a combination of electricity sales, and heat used in local greenhouses to produce tomatoes, which are sold at the local market.^[3]

2 Construction

Major challenges for CE: Due to the ‘slow-flowing’ product character of buildings, infrastructure, and capital equipment, decisions taken in the construction sector impact the economy and the environment for a long time. Insufficient integration of CE principles in procurement regulations, particularly when it comes to large investment projects, leads to the risk of critical linear lock-in effects.

Relevant Strategies and frameworks for CE: The National Strategy for Development and Integration 2015 to 2020 (NSDI-II) is the key national planning document currently in place (adopted by the Government of Albania in May 2016). This strategic document reflects the vision, priorities, objectives and means for social and economic development of the country up to 2020. The overarching goal of NSDI-II was the accession to the European Union (EU).

Due to the aftermath of the COVID-19 crisis, a strong consumer confidence and external demand, as well as a policy stimulus support a strong economic recovery. Sector-wise, those initiatives are majorly driven by activities in the construction sector. The current dynamics can be beneficial to implement circular strategies into infrastructure solutions like building and construction as well as connected public services (e.g. healthcare facilities). There is the risk, if momentum is not used in large investment projects, linear business as usual solutions can be locked-in for a long time.

Table A2 **Construction in Albania – entry points for circular economy on the Value Hill (excerpt)**

Up-hill	Top-hill
Identify and support use of sustainable input materials (e.g. open-loop re-use or recycling materials like recycled concrete or used window frames, alternative materials like natural insulation or clay plaster, closed-loop recyclable materials) and integrate respective regulations into procurement policies.	Intensify use of existing infrastructure (e.g. re-assignment of use); develop building-as-a-service models (like e.g. public hospitals).

➤ Promising interventions for circular economy in Albania – Construction

2a. Support the integration of circular aspects into procurement regulations in the construction sector: Infrastructure projects, such as the proposed Tirane-Durres-Rinas railway and prospects for a new international airport and new docks have garnered attention from domestic and foreign investors. Government-financed infrastructure projects focus mainly on roads, water supply, and sewerage. Given this investment pipeline, the demand for heavy machinery, equipment, and services is expected to increase.^[4] Regarding the investments in infrastructure, circular strategy opportunities exist for the use of heavy construction machinery, as well as for buildings and constructions like roads, railway, airports, tunnels, and ports. In addition, ongoing and future investments in construction-waste treatment and processing offer potential for closing resource loops in the building and construction sector. To avoid critical linear lock-in effects in the long term, the integration of circularity aspects into public procurement procedures is crucial. Industry standards and building codes that align with EU standards are well suited to address the mentioned risks. The feasibility of including product service models as part of public procurements could be assessed. Therefore, to address a system change, governmental participation and risk-sharing will be necessary, as well as the identification of project and experimentation pockets that allow for trusting and narrow stakeholder collaborations.



2b. Assess the opportunity to establish an innovation hub for circular construction in Tirana: E.g. through a digital platform for construction sector activities. Such a (virtual) platform (upfront investments for the capital expenditures via primarily grant funding and operated via pay-for-performance fees for the benefitting service suppliers). The platform could be aligned with the existing Circular Economy Club Tirana, and could bring together various actors, such as commissioning parties (e.g. municipalities, public authorities); supply side actors (e.g., manufacturers, construction materials suppliers, architects/engineers, demolition firms), and customers (e.g. chamber of commerce, governmental actors) by fostering demand-driven innovation and leveraging private sector engagement.

Key stakeholders for circular economy in Albania

- ⊗ The responsibilities of the National Environmental Agency include permitting, environmental impact assessment, and public information as well as supporting the retrofitting and expansion of the country's existing observational network of weather and hydro-met stations.
- ⊗ The Ministry of Tourism and Environment is responsible for Albania's climate change related activities and scientific evaluations.
- ⊗ Environmental Center for Development Education and Networking (EDEN)
- ⊗ Environmental & Territorial Management Institute (ETMI-AI)
- ⊗ Youth and Environment Europe – Albania
- ⊗ Circular Economy Club – Tirana
- ⊗ GO2 Albania – Sustainable Urban Planning Organization

^[1] GIZ, Frankfurt School, FS-UNEP Collaborating Centre for Climate & Sustainability Energy Finance (2021). Financing Circular Economy in Low- and Middle-Income Countries. <https://www.giz.de/de/weltweit/15109.html>.

^[2] Ellen MacArthur Foundation (2017). Urban Biocycles. <https://emf.thirdlight.com/link/ptejjurhaj5-iigai0/@/preview/1?o>.

^[3] World Bank Group (2016). Financing Landfill Gas Projects in Developing Countries, Urban development Series, Knowledge Papers. <https://openknowledge.worldbank.org/handle/10986/26302>.

^[4] International Trade Administration (2021). Albania – Country Commercial Guide. <https://www.trade.gov/country-commercial-guides/albania-market-opportunities>.

Published by:

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

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Bonn and Eschborn, Germany

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On behalf of

German Federal Ministry for Economic
Cooperation and Development (BMZ)
Division 414: Urban Development, Mobility and Circular Development
Bonn 2022

On behalf of



Federal Ministry
for Economic Cooperation
and Development