



Mapping of Circular Economy in Albania

Diagnostic meeting with the Working Group

22 May 2023

Agenda



Key features of the project: objectives, timeline and main project pillars

Albania's key economic features and their relevance to circular economy

Environmental trends and recent developments relevant to circular economy

Existing circular economy policy landscape and initiatives in Albania

Potential circular economy priority areas for Albania



PROJECT PRESENTATION



Project objectives

- Building on the greening work carried out as part of *the OECD South East Europe's Competitiveness Outlook* and *SME Policy Index* assessments, drawing on the OECD circular economy roadmap methodology and following the identified needs of the WB economies:
 - **Support for design** of circular economy (CE) roadmaps to Albania and North Macedonia to serve as blueprint for their CE transition
 - **Support for implementation** of CE roadmaps for WB economies, through different capacity building activities
- Broad **societal consensus** – involvement of **a wide range of stakeholders** in a continuous dialogue
- Direct contribution to the **Economic and Investment Plan** and the **Green Agenda** for the Western Balkans
- Compass and the engine for a **sustainable recovery**



CE roadmap methodology

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

- **Sectoral analysis and comprehensive review of the policy and regulatory frameworks**
- **Consultation process with key stakeholders** to obtain insight into their views, experiences, challenges, needs and concerns regarding the circular transition:

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, by considering:**
 - Economic importance (e.g. contribution to GDP, employment, productivity)
 - Circular potential (waste management, resource and energy intensiveness)
 - Government priorities
 - Gaps and feasibility for CE transformation
- **Identification of good practices that can be transferred to the economy**



Timeline and key milestones

Q4 2022

- **Inception meetings to understand specific CE-related needs**
- **Mapping relevant stakeholders and institutions** to create a wider CE stakeholder platform

Q1 2023

- Nomination of the **CE coordinator and the CE working group**
- **Analytical work:** identifying the state-of-play of CE in Albania
- **Kick-start meeting** with the key CE stakeholders in Albania

Q2, Q3 2023

- **19 April: Regional kick-off event** at OECD Istanbul Centre coupled with a study visit
- **Consultation with key stakeholders** on the CE transition and the state of play of CE
- Identifying the **priority CE-related sectors/focus areas**

September 2023

- Meeting with CE working group **to reach consensus on identified priority areas**

Q4 2023, Q1 2024

- **Review** of the draft CE roadmap **by the CE working group**
- **Wider consultation** process

Q2 2024

- **Publishing** of the CE roadmap

Role of the CE working group

- Led by the CE coordinator and the OECD team, **facilitate the CE roadmap development process**
- **Participate in meetings throughout the project**, as part of the support for CE roadmap design:
 - Take part in **consultations run by the OECD to share views on the circular economy transition** in Albania and **provide further information/data** where necessary
 - **Participate in prioritisation meeting** to reach agreement on the priority CE areas/sectors in September in Tirana
- Provide **feedback on the draft CE roadmap**
- Participate in the **support for implementation activities and regional knowledge sharing**, if relevant



DIAGNOSTIC OF CIRCULAR ECONOMY IN ALBANIA



*Albania's key economic features and
their relevance to circular economy*



Albania's key economic features relevant to circular economy

SERVICES

Albania is a **service-oriented economy** with a sizable **tourism sector** which has:

- Low added value
- Significant environmental impact
- Been impacted by economic shocks

The **large share of SMEs working in the service sector** can be a key driver in achieving circular objectives.

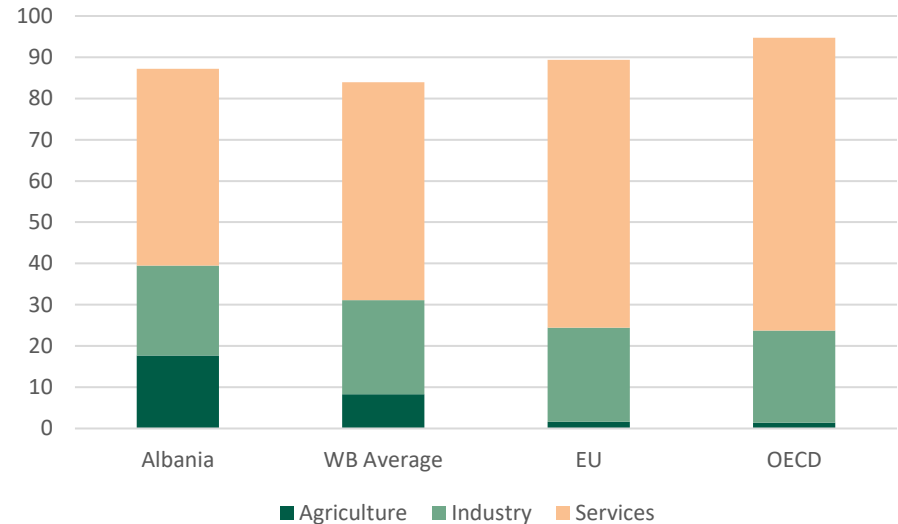
Services represent **48%** of GDP and **44%** of employment

Tourism represents **11%** of GDP and **17.5%** of employment

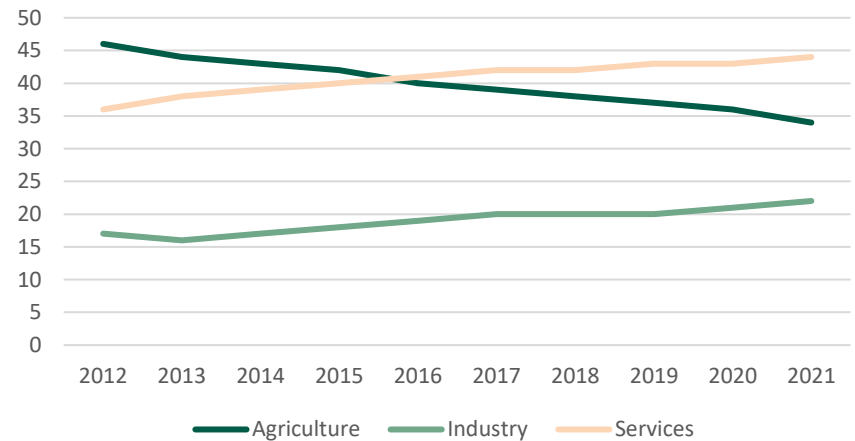
Annual tourist arrivals have **increased by 13%** between 2009 and 2019

85% of SMEs work in the service sector

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



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



Albania's key economic features relevant to circular economy

INDUSTRY

The industry sector is resource-intensive and waste producing and is hindered by the lack of innovation and technology adoption.

Textile and footwear is the industry of most importance but is characterised by low recycling and reuse, leading to pressure on resources.

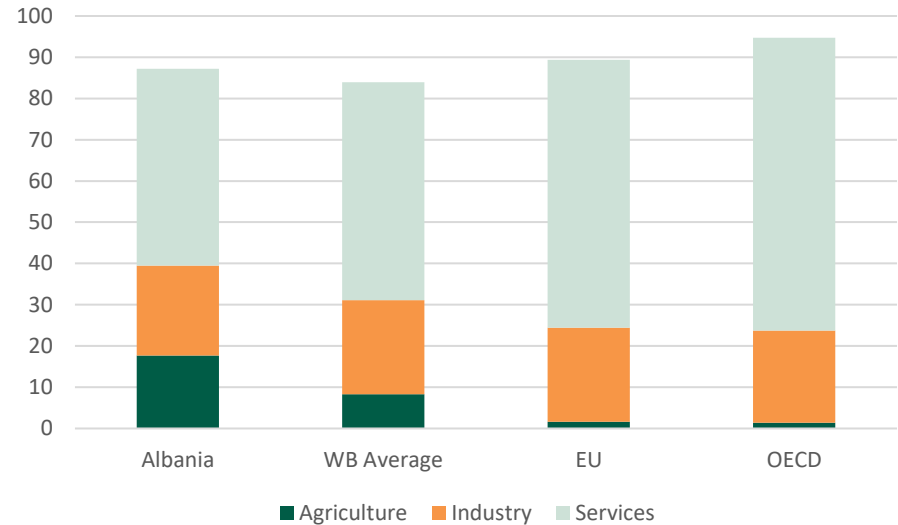
Construction materials and metals is another important sector but is energy and carbon-intensive and the production of secondary materials is almost non-existent.

Industry represents **22%** of GDP and employment

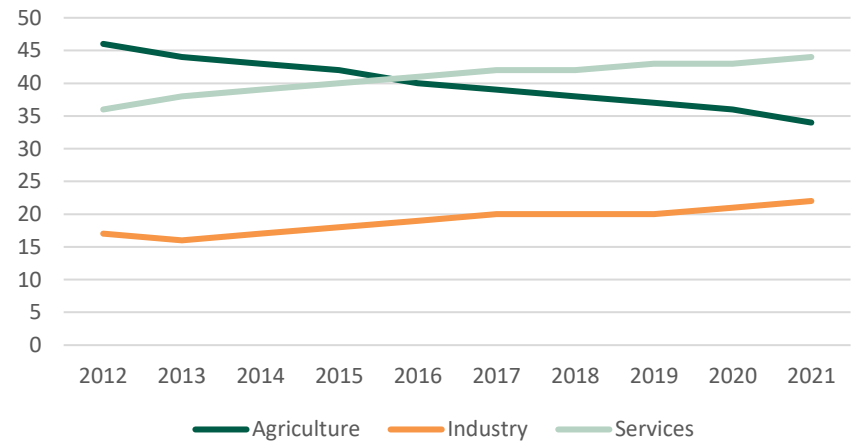
Textile and footwear represent **28%** of total exports

Construction materials and metals represent **21.6%** of exports

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



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



Albania's key economic features relevant to circular economy

AGRICULTURE

Prevalence of subsistence farming, low-skilled jobs in the **agriculture sector**

- Small and fragmented farms
- Inadequate irrigation and transportation infrastructure
- Limited access to finance

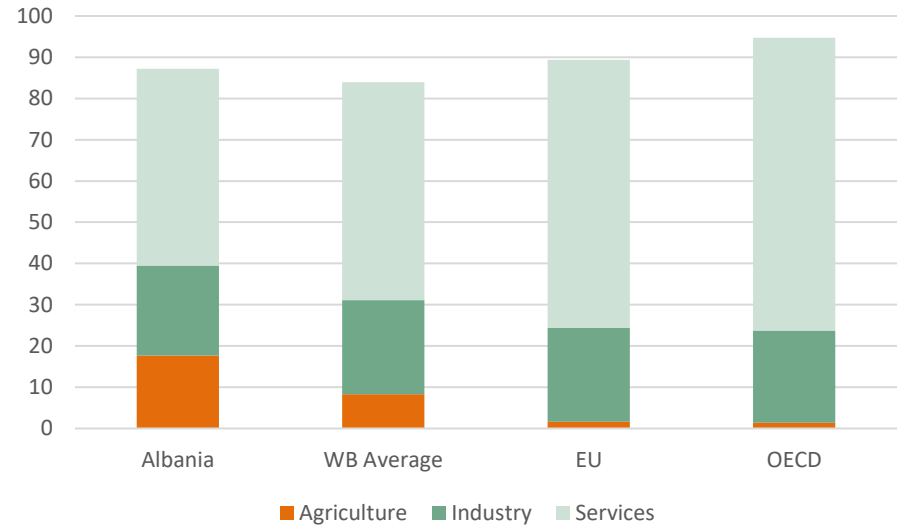
Main products are fresh vegetable and fruits, olive, livestock and dairy production.

Agriculture represents **19%** of GDP and **34%** of employment

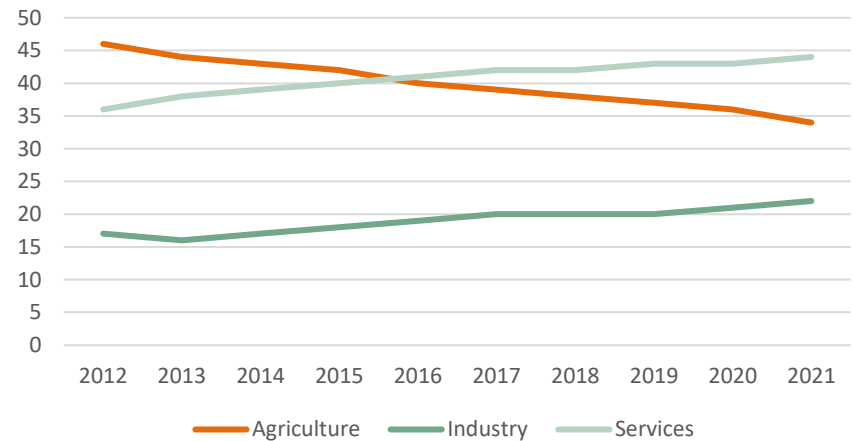
¼ of land is used for agriculture

67% of agri-food exports to the EU

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



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

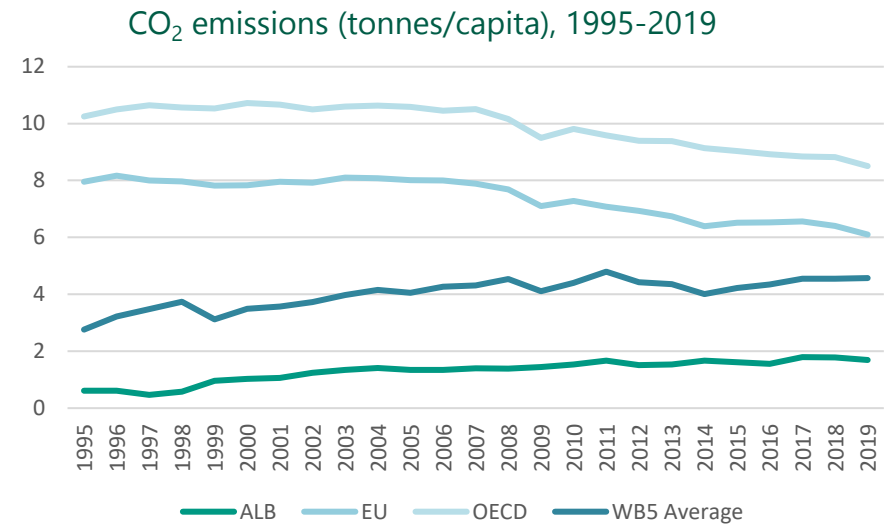


*Environmental trends and recent
developments relevant to circular
economy*

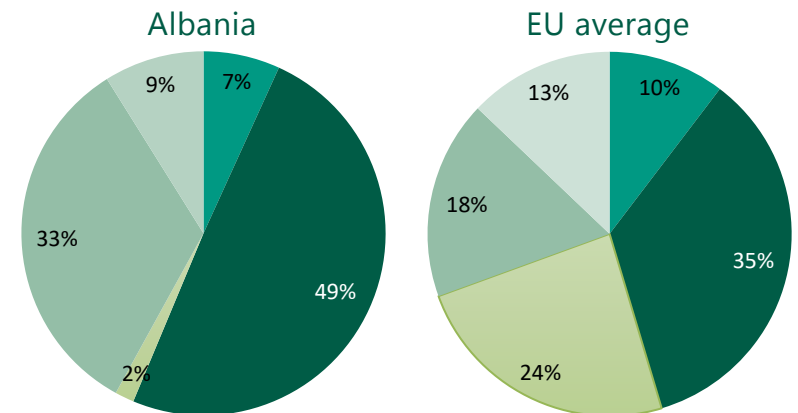


Environmental trends relevant to circular economy – *Energy and emissions trends*

Albania has the **lowest CO₂ emissions per capita in the region** but they have almost **tripled over the last 25 years until 2017**, after which they have been slowly decreasing. **Largest emissions come from transport** – the largest oil demanding sector – accounting for almost half of all emissions



Albania has a relatively green energy mix, but a **high dependency on oil and hydropower** undermines long-run sustainability of its energy sector



Environmental trends relevant to circular economy – *materials trends*

Albania is endowed with **considerable natural resources**, but **high levels of extraction** cause environmental pressures

Albania's **DMC** has been on a decreasing trend since 2016, with **resource productivity** reaching an all-time high value in 2021

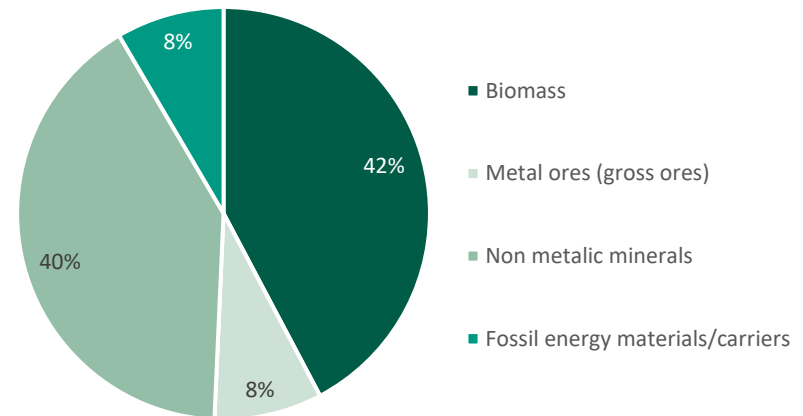
Albania's DMC is dominated by **biomass** followed by **non-metallic minerals**.

The DMC of **metal ores** and **fossil energy carriers and materials**, on which Albania is highly import dependent, has **increased** in recent years.

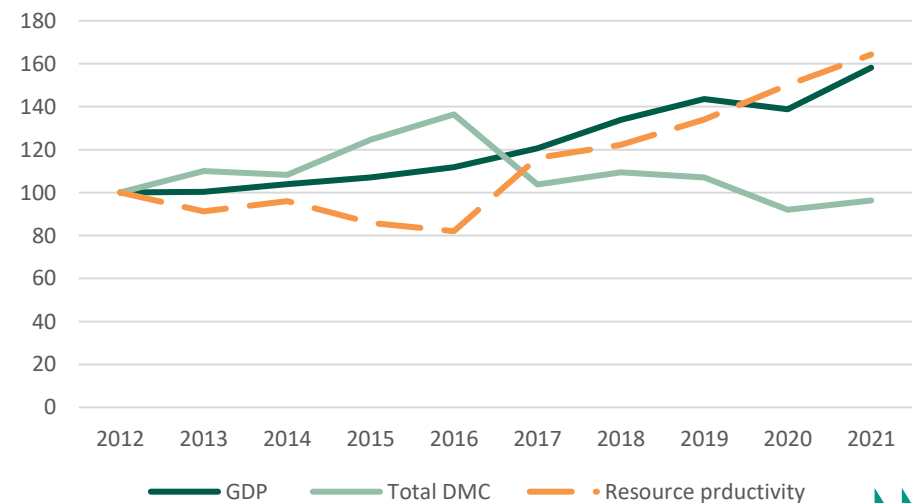
Biomass' share in Albania's DMC is much higher than in the EU, due to the high contribution of **agriculture** to GDP and the use of **firewood** for heating applications

The production of **non-metallic minerals**, essential for Albania's **construction** sector, is resource and energy-intensive, due to the several steps necessary for their transformation

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



GDP, DMC and Resource Productivity in Albania, 2012-2021
(Index 2012=100)



Environmental trends relevant to circular economy – *waste trends*

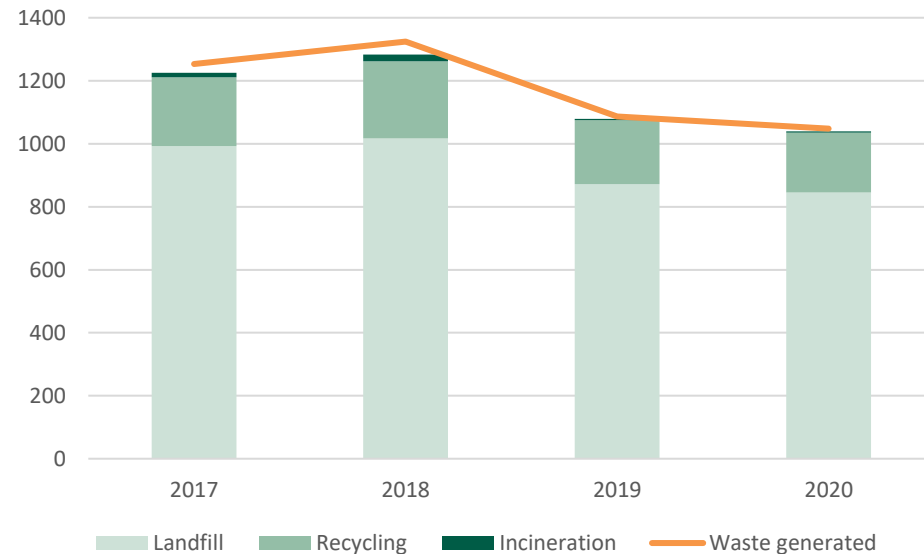
Albania's level of **municipal waste generation** has been decreasing over recent years, but data collection remains a challenge (based on estimations)

Little data is available on the quantity and management of **industrial waste**. Key generators include the oil industry, cement production, steel and mining

89 % of the population was served by **waste collection services** in Albania in 2021, mainly so in urban areas (compared to 98% in the EU)

Municipal and industrial waste management is a challenge. Waste separation at source is almost non-existent and 80% of waste is landfilled. Recycling is mainly conducted by informal waste pickers.

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



59% of waste produced is organic

Mining waste is estimated to more than **45 million tons**

18% of waste is recycled (49% in the EU)

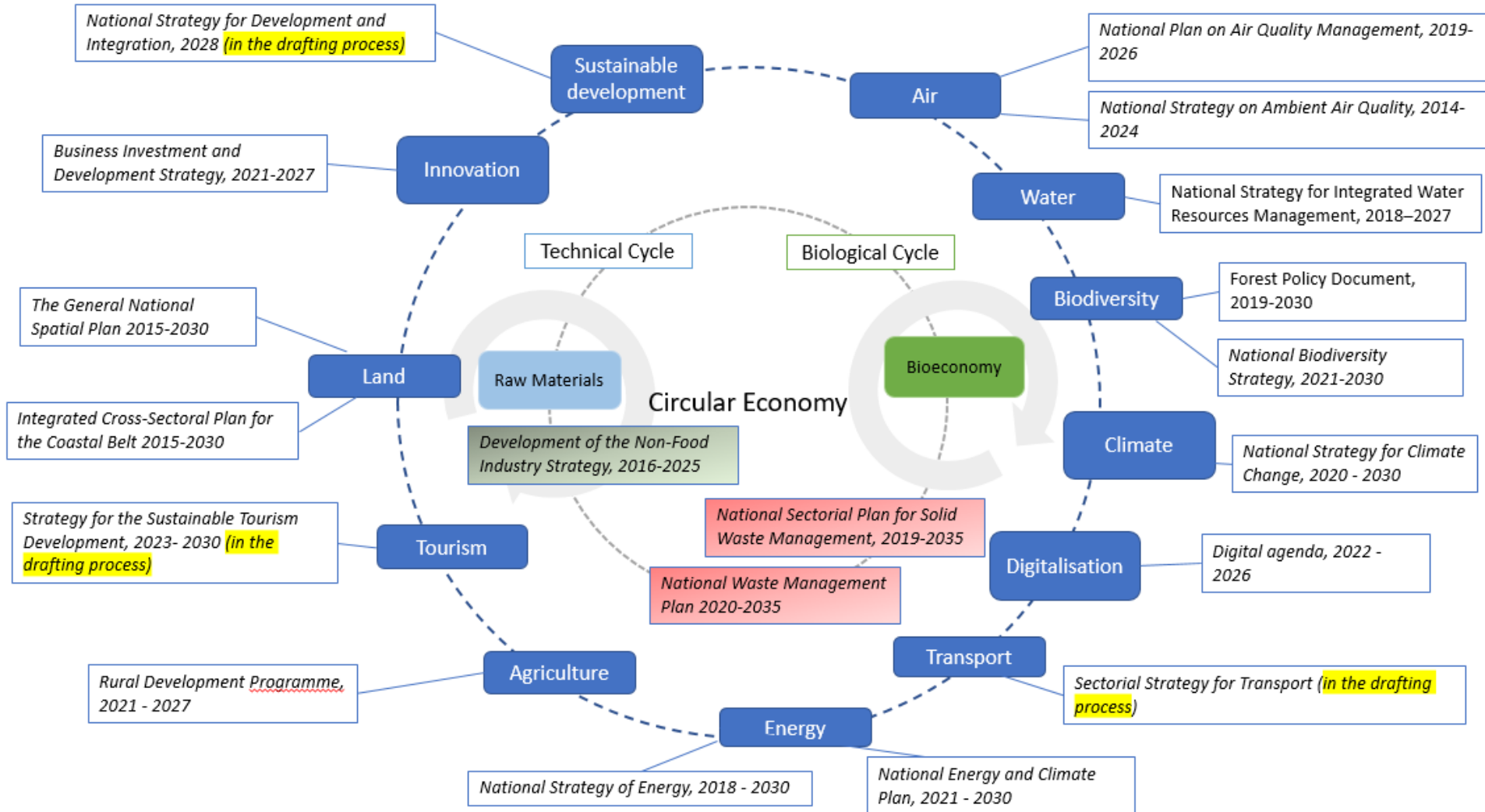
Private recycling companies work at **25%** of capacity



*Existing circular economy policy
landscape and initiatives in Albania*



Existing policy landscape relevant to circular economy



Existing policy and regulatory landscape relevant to circular economy

Waste management

The **Waste Management Law** has been amended to ban the use of certain categories of plastic bags in March 2022. The new **law on Extended Producer Responsibility** has been drafted and is planned to be adopted in 2023.

The **Waste Management Strategy** with related **Waste Management Plan (2020-2035)** envisage a gradual transition from a linear to a circular economy by encouraging **waste diversion** through **waste separation at source** for reuse and recycling. Target for recycling rate is 40% by 2035. Implementation is ongoing.

The **National Sectorial Plan for Solid Waste Management (NSPSWM) (2019-2035)** is a detailed investment plan for local and regional solid waste management infrastructure.

Industry

The **Development of the Non-Food Industry Strategy (2016-2025)** sets priorities to develop and boost competitiveness of industries related to raw materials and that process mineral resources (metallic and non-metallic), as well as related waste collection and recycling.

The **Country Programme for Inclusive and Sustainable Industrial Development (2020-2024)** includes around twenty project proposals with some planned to boost circular economy.

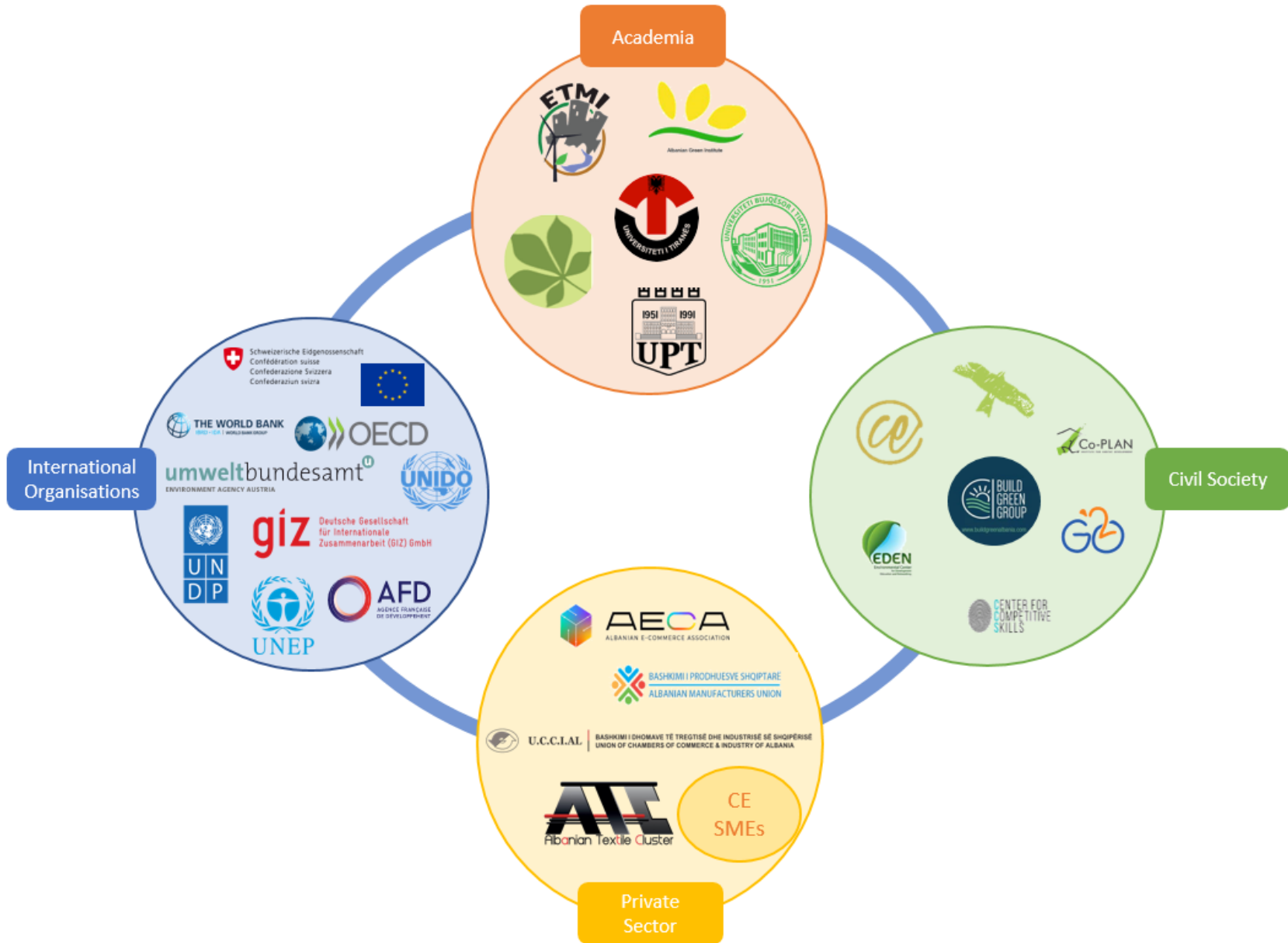
Private sector

The **Law on Support and Development of Start-ups (2022)** aims at supporting the innovation ecosystem, including eco-innovation.

The new **Business Investment and Development Strategy (2021-2027)** has a specific focus on the circular transition, as part of the “green and digital transformation” pillar.



Overview of main circular economy stakeholders in Albania



POTENTIAL CIRCULAR ECONOMY PRIORITY AREAS FOR ALBANIA



Potential CE priority areas for Albania

1. Textiles and footwear
2. Construction
3. Agri-food sector, including agro-tourism
4. Circular bioeconomy
5. Municipal waste / improving data collection systems
6. Plastics
7. *Horizontal*: Economic instruments (landfill tax, household waste charge, extended producer responsibility schemes)



Thank you for your attention!

For further information please contact:

Jovana PAVLOVIC DJUKIC

*Team Lead – Green Economy and Sustainability
OECD South East Europe Division*

e-mail: jovana.pavlovicdjukic@oecd.org

Anita RICHTER

*Deputy Head of Division
OECD South East Europe Division*

e-mail: anita.richter@oecd.org

Clémence GIRIN

*Policy Analyst
OECD South East Europe Division*

e-mail: clemence.girin@oecd.org

<https://www.oecd.org/south-east-europe/programme/>