

5 Circular business models for small and medium-sized enterprises

This chapter outlines policy recommendations aimed at promoting the transition to circular business models in the Albanian economy, specifically focusing on small and medium-sized enterprises. It presents the state-of-play and existing policy framework, points out potential areas for improvement, and proposes a set of specific policy recommendations that draw inspiration from relevant international good practices.

What are circular business models?

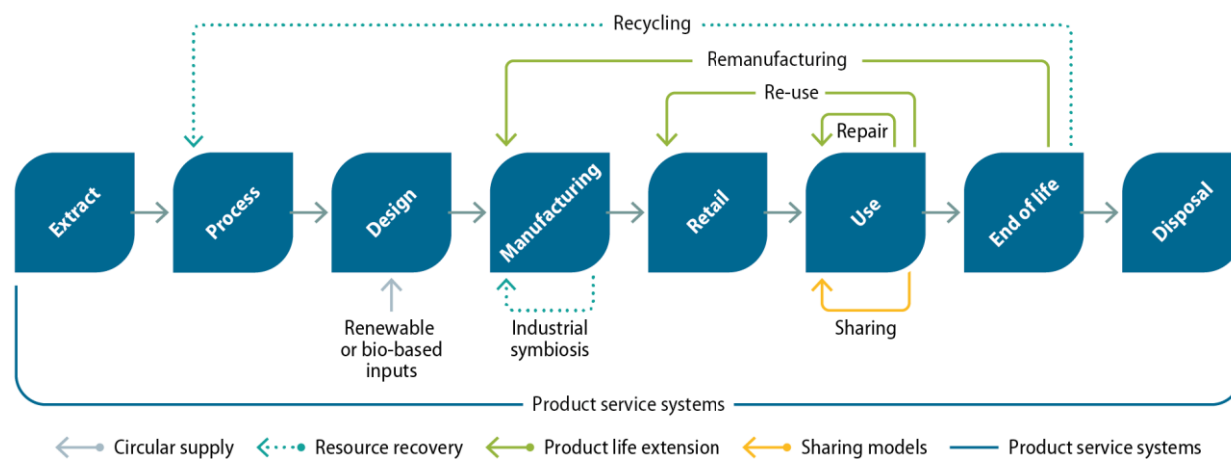
Circular business models represent fundamentally different ways of producing and consuming goods and services than the traditional linear business models. They aim to reduce the extraction and use of materials, minimise waste generation, and use existing materials and products as inputs to production through reuse and recycling. By doing so, they help reduce the negative environmental impacts of material consumption.

Circular business models can be classified into five main types (Figure 5.1) (OECD, 2019[1])

1. **Circular supply models** involve the replacement of traditional production inputs with bio-based, renewable or recovered materials. By doing so, they reduce the demand for virgin materials in the long run. These models target the design phase of production and sourcing of materials.
2. **Resource recovery models** involve the production of secondary raw materials from waste streams. They thereby divert waste from final disposal and reduce the extraction and processing of virgin materials. There are three main components for the model to work: 1) waste collection; 2) sorting; and 3) the production of secondary materials from waste.
3. **Product life extension models** involve extending the lifetime of products. This can be achieved by designing products in a way that increases their durability, by reuse and repair activities and remanufacturing.
4. **Sharing models** facilitate the sharing of underutilised products through, for example, online platforms, through co-ownership or co-access. This can reduce demand for new products and materials.
5. **Product service systems models** involve selling services rather than products. Since the service provider remains the owner of the product that provides the “service”, this increases incentives for circular product design that increases durability and reparability as well as more efficient product use.

The distinction between the different types of circular business models is less clear-cut in reality, as in some cases businesses adopt a combination of these models.

Figure 5.1. Typology of circular business models



Source: Adapted from Lacy and Rutqvist (2015^[2]).

Motivation for the selection of circular business models with a focus on small and medium-sized enterprises as a key priority area of the Roadmap

Circular business models for small and medium-sized enterprises (SMEs) have been selected because of their high economic importance, high policy relevance, high circularity potential and possibly important decarbonisation potential for Albania. SMEs are the backbone of the Albanian economy, accounting for 99.8% of enterprises and 81.9% of employment; 85% of them work in services (OECD, 2022^[3]). Albania also implements a number of policies that target and support SMEs, for example, its newest SME strategy, the Business Development and Investment Strategy (2021-2027) (Government of Albania, 2021^[4]), includes environmental policies targeting SMEs which aims to boost the circular economy and eco-innovation. Since SMEs, on aggregate, have a significant environmental footprint (small firms account for 50% of greenhouse gas [GHG] emissions in the world (ICT, 2021^[5])), it is essential that Albania considers them in its environmental policy making. Moreover, on the one hand, like any other economic entity, SMEs face the consequences of environmental degradation, which can generate specific challenges for their survival and growth. On the other hand, and more importantly, they can be a source of innovation and solutions to develop the technologies needed to address these environmental challenges. Circular business models, like economic instruments, can also help decarbonise GHG-intensive activities related to waste management and tourism by tapping into the circular opportunities in these areas (see section “Motivations for selecting economic instruments as a key priority area of Albania’s Circular Economy Roadmap” in Chapter 4). New green markets, such as the circular economy, can also create new business opportunities for SMEs. Even without moving into new markets, SMEs can potentially improve the performance of their business by realising efficiency gains and cost reductions by greening their products, services and processes. In this regard, tailored policies, incentives and instruments are necessary to enable them to participate in the green transition, as SMEs face a number of barriers (financial, informational, etc.) in their greening efforts, and more so than large firms (OECD, 2021^[6]).

Different types of circular business models (see Figure 5.1) can contribute significantly to a transition to a circular economy. By closing resource loops and slowing and narrowing resource flows, they can reduce the environmental impacts of production and consumption. For example, in the case of resource recovery business models, producing materials via recycling rather than from virgin materials can reduce GHG emissions significantly. Remanufacturing products that have reached their end of life can reduce the extraction of natural resources and waste generation by up to 80% relative to manufacturing new products (OECD, 2019^[1]). However, the extent of the environmental benefits (as well as of the wider socio-economic impacts, including potential negative impacts) depends on the uptake of such models. In general, the market penetration of these models is currently limited. Recycling, remanufacturing and repair; the sharing of spare capacity (i.e. sharing models); and the provision of services rather than products typically only account for up to 15% of production in any given sector (OECD, 2019^[1]). In recent years, some circular business models have been on the rise, largely due to the emergence of new technologies and platforms (e.g. sharing platforms such as Airbnb and car renting/sharing services). Some other business models, for example recycling and repair, are relatively mature. Circular business models have recently penetrated the market in Albania, although it remains difficult to map all the actors concerned as the vast majority of businesses are still not familiar with circular concepts and might not declare their businesses as “circular” even though they are. The main circular businesses in Albania are based on resource recovery models, mainly focusing on the reuse of agricultural surplus and by-products, sustainable packaging options, and recycled waste (particularly from vehicles or electronics) (see Annex C).

To increase the market penetration of these business models and make them more competitive with the more traditional, linear business models, countries need to implement an enabling framework in the different economic sectors that would support the adoption of such models.

Overview and approach to the selection of the proposed policy recommendations

The approach used for selecting the proposed policy recommendations for this area is a bit different from the approach used for the economic instruments and plastics priorities. The overall aim of the recommendations is to provide an enabling framework for SMEs to scale up the adoption of the five types of circular business models. The business models themselves cover the different stages of the life cycle, where, for example, the circular supplies model aims at increasing the use of secondary, bio-based or alternative materials in production, while resource recovery models focus on the end-of-life and recycling. Therefore, the recommendations aim at providing policy measures that can be applied across the five types of business models and economic sectors to support SMEs' activities (Table 5.1). Examples of international good practices in this area are focused on the key selected priorities to the extent possible, such as plastics, tourism (in particular, accommodation and food services), municipal (and industrial) waste management, and awareness raising, but they also include textiles and footwear as another key economic sector in Albania.

The proposed policy recommendations primarily target the supply side of circular business models, namely SMEs. For a small, tourism-dependent economy like Albania, boosting the economic growth of SMEs that does not come at an environmental cost is particularly pertinent. The pandemic has put additional pressure on Albanian SMEs and their greening efforts, primarily due to issues with liquidity maintenance and access to finance. Well co-ordinated and targeted financial and technical support will be required to help Albanian SMEs overcome challenges in adopting sustainable practices and circular business models. To date, incentives and instruments to encourage them to engage in greener practices remain scarce in Albania. Access to green finance is also limited, and regulatory instruments are non-existent. On a positive note, information-based tools and, in particular, awareness-raising activities, have been scaled up to some extent (OECD, 2022^[3]).

Table 5.1. Overview of the proposed policy recommendations in the circular business models priority area for small and medium-sized enterprises for Albania

Short term	Medium term	Long term
Provide awareness-raising campaigns and training programmes on the circular economy for small and medium-sized enterprises (SMEs), including showcasing good practices and access to finance	Continue facilitating the exchange of practices and learning from peers, including cross-sectoral knowledge development	Consider additional investment support for SMEs (e.g. accelerated depreciation rate, guarantee schemes, tax incentives)
Introduce calls for circular business models projects within existing and new funding programmes	Provide support to SMEs on environmental legislation and obligations to ease their administrative burden	Organise investor-entrepreneur matchmaking events
Provide financial, combined with technical, assistance to SMEs (business support, access to finance support)	Support capacity building and entrepreneurship skills as well as vocational training	
Support collaboration between SMEs and academia, as well as regional and international collaboration on research and development and innovation		
Establish a circular economy stakeholder/business platform to strengthen collaboration within and across value chains		
Consider establishing a dedicated funding programme for SMEs to scale up circular business models		

However, the consumer side also needs to be addressed in parallel to increase the demand for green products and services. More extensive use of economic instruments for a circular economy (see Chapter 4) can also help scale up these business models, as economic instruments change the relative price of different products and services and can, hence, make circular business models more price-competitive compared to more linear business models.

Key proposed policy recommendations

The key proposed recommendations are structured according to the type of policy instrument:

1. financial support measures
2. multi-stakeholder co-operation within and across value chains
3. awareness-raising initiatives, education and other information tools.

1. Providing financial support for scaling up circular business models

The transition to a circular economy requires resources to drive the uptake of new business models, support the development of innovative technologies and motivate behavioural change within society. Governments can support the transition to a circular economy by using specific economic instruments (see Chapter 4). Another way for governments to help reorient market forces towards a circular economy is by providing financial support for projects and initiatives through grants and loans. These instruments help decrease the cost of capital for circular investments and overcome financial and information barriers. Public funding can thereby stimulate the development of new circular business models, innovative technologies and strategic partnerships. The diagnostics that the OECD prepared in the context of developing this roadmap (see Chapter 2) showed that SMEs in Albania report increased costs and a lack of government subsidies as being the most significant impediments to adopting circular business models (RCC, 2023^[7]). The review of the availability of financial incentives for green investments for SMEs in Albania also indicated that Albania has yet not established adequate national mechanisms to provide financial incentives for SME greening (OECD, 2022^[3]). Albania will thus need to provide financial support for scaling up circular business models. In the context of this roadmap, this can be done in four ways.

In the short term, Albania could introduce calls for circular business models projects within existing and new funding programmes that provide grants and soft loans. Such projects could be integrated as part of the green finance envisaged by the new Business Development and Investment Strategy (2021-2027). Moreover, as the Albanian Investment Development Agency revitalises some of its grant support schemes to increase SMEs' competitiveness and innovation capacity, a specific amount of total financing could be dedicated to circular projects. These calls should specify the priorities and the allocation of funds dedicated to circular economy projects. The focus of supported projects could be the introduction of new business models, including eco-innovation, and pilot projects and knowledge dissemination in the areas of the circular economy. The call could also specify preference for projects with a focus on plastics, textiles, municipal waste management and tourism as key priorities for Albania. For example, agritourism businesses could be supported in implementing circular measures, such as composting facilities. Agritourism is an emerging business industry and a catalyst for rural development, in particular in southern Albania, and a potential priority area under the Albanian Smart Specialisation Strategy that is currently under preparation (FAO and RASP, 2020^[8]).

Box 5.1 provides an example of how circular business models were integrated within existing and new funding programmes in Hungary. Hungary used the process of developing a national circular economy strategy to identify the circular economy priorities that would be included in the existing funding programme (funded by the EU Structural and Cohesion Funds) in its next programming period, 2021-27. It then

organised an awareness-raising and training event for SMEs in the country to instigate applications for this programme and the circular economy priority in particular (see the section on “

3. Raising SMEs’ awareness and education on the circular economy”).

Box 5.1. Introducing calls for projects focused on circular business models within existing funding programmes

Hungary’s Operational Programme for 2021-2027

Environmental and Energy Efficiency Operational Programme (EEEOP) Plus in Hungary

The EEEOP Plus is the continuation of the previous EEEOP under the new framework for the period 2021-27 (as illustrated in Figure 5.2). Its priorities include:

- water management and disaster risk reduction
- circular economy systems and sustainability
- protection of the environment and nature
- a renewable energy economy
- a just transition.

The Operational Programme’s overall budget is HUF 1 612.56 billion (EUR 4.3 billion), with HUF 411.97 billion (EUR 1.1 billion) allocated to the priority covering circular economy systems and sustainability, including:

- Under the waste management objective, the programme funds projects with a focus on improving the existing separate waste collection system; supporting waste recycling and the production of high-quality secondary raw materials; developing new waste management centres and upgrading existing ones; optimising municipal waste collection and transport; supporting residual waste facilities; rehabilitating abandoned old landfills; and active, experience-based, community-building awareness-raising activities.
- The circular economy-related objective is a new topic of the Operational Programme. Its aim is to pave the way for a circular transition through small-scale investments mainly targeting small and medium-sized enterprises. The funding focuses on service provision; promoting a decoupling of raw material consumption and gross domestic product growth; building value chains/circles; and developing new business sectors and business models. It targets a diverse range of projects, translating circular economy principles into practice (from both upstream and downstream perspectives); awareness-raising activities; and small demonstration/pilot projects.

Figure 5.2. EEEOP Plus and its precursor EEEOP

EEEOP 2014-2020				EEEOP Plus 2021-2027			
Priority	Action	Alloc. EUR M	Main responsible	Priority	Action	Alloc. EUR M	Main responsible
1	Water management	891	Mol	1	Water management	702	Mol
	Disaster management/Climate	154			Disaster management/Climate	121	
2	Drinking water	183	MTI	2	Sustainable water utility systems	652	MTI
	Waste water	1 031			Green and blue infrastructure	190	
3	Waste management	300	MTI	2	Circular waste management	208	MTI
	Remediation	100	MTI		Circular economy	52	
4	Nature protection	100	MoA	3	Remediation/Environmental protection	45	MoA
5	Renewable energy	314	MTI		Nature protection	112	
	Energy efficiency	600		4	Promoting energy efficiency measures	883	MTI
	District heating	106			Promoting renewable energy	535	
	Awareness raising	6		Smart energy systems, -networks and -storage	518		
TOTAL		3 785		5	Just Transition Fund	295	MTI
TOTAL						4 313	

Note: Mol: Ministry of Interior; MTI: Ministry of Technology and Innovation; MoA: Ministry of Agriculture.

Source: Prime Minister's Office, Hungary.

Table 5.2 summarises the indicators and targets for these two objectives.

Table 5.2. Indicators and targets of waste and circular economy-related actions within the EEEOP Plus

Specific objective	Action	Indicator		Unit	Baseline		Milestone 2024	Target 2029
		Code	Name		Value	Year		
2.3. Transition to a circular economy	Circular waste management	RCO34	Additional capacity for waste recycling	tonnes/year	n.r.	n.r.	50 000	250 000
		RCR47	Waste recycled	tonnes/year	0	2021	n.r.	300 000
	Circular economy	RC001	Enterprises supported	number	n.r.	n.r.	16	160
		RCR04	Small and medium-sized enterprises introducing marketing or organisational innovation	number	0	2021	n.r.	143

Note: n.r.: not reported.

Source: Prime Minister's Office, Hungary; OECD (2023^[9]).

The financial support in the form of grants and loans should be combined with technical and other assistance to SMEs. This non-financial support could consist of more general business support (e.g. to write a good business plan or access-to-finance support) as well as of technical support through consultancy services in the area of circular business models. Such support could be offered through business incubators or accelerators (such as UpLiftAlbania acceleration programme or Growpreneur). It is common practice in some programmes funded by international development co-operation partners that more general business as well as technical support be provided in addition to a grant and/or a soft loan. For example, the European Bank for Reconstruction and Development administers energy efficiency

programmes that provide a small non-reimbursable grant, a soft loan and consulting services to successful applicants and training to financial institutions that administer those loans locally. Scotland has set up the Circular Economy Business Support Service to provide one-on-one consultancy for SMEs across all sectors (Zero Waste Scotland, 2020^[10]) while Luxembourg has set up a decision-making tool (Fit4Circularity) through which it helps companies identify and assess their growth potential, and adopt circular economy approaches and innovative business models (Luxinnovation, 2020^[11]).

In the short term, Albania could consider establishing a dedicated funding programme for SMEs to scale up circular business models. Some progress has been made in this respect at the subnational level. For example, the municipality of Tirana provided financial support for 2021-23 to new green businesses based on eco-friendly business models or existing businesses that aspire to develop green products or services (OECD, 2022^[3]). The total amount of the fund is EUR 347 500, and each beneficiary will be supported with direct grants of EUR 4 800, with an aid intensity of 80% of eligible costs. Such an initiative could be also considered at the national level and could be implemented by the Albanian Investment Development Agency (AIDA). For example, within the RE:Source innovation programme, the Swedish government has appointed two agencies to invest in a strategic innovation programme that focuses on developing a circular economy and resource efficiency innovations (RE:Source, n.d.^[12]). This programme brings together companies, universities and authorities to collaborate in strategically important areas and provides specific funding for projects under this programme and five platforms to develop solutions for its priority areas. Another example is from Scotland, which has set up a Circular Economy Investment Fund offering a grant to SMEs and non-governmental organisations for innovative circular economy projects resulting from the Circular Economy Business Support Service and nearing commercialisation (Zero Waste Scotland, n.d.^[13]). In Albania, the focus could be, for example, on launching circular construction and renovation pilots in the tourism sector or circular business models aimed at food waste prevention. An example of such a model is a food waste prevention app, similar to the Danish Too Good To Go, which allows users to browse unsold food items in nearby shops and restaurants at discounted prices (Too Good To Go, n.d.^[14]). To implement such a programme in Albania will probably require that the programme be funded and administered by international development co-operation partners. Also, Albanian SMEs will need to have achieved a certain level of knowledge and experience to ensure that the programme generates a pipeline of circular economy projects with good business plans that are economically and financially sustainable (see the section on 3. Raising SMEs' awareness and education on the circular economy).

In the long term, Albania could consider additional investment support for SMEs (e.g. accelerated depreciation and guarantee schemes as well as other tax incentives). The review of the Albanian state-of-play on financial incentives available for SME greening found that only a few guarantee funds operating in Albania cover green investments, such as the Albanian Agribusiness Support Facility and the KfW-supported Rural Credit Guarantee Fund with its dedicated “green window”, and they only have limited uptake (OECD, 2022^[3]). Once some progress has been made on scaling up circular business models in Albania, it could consider modifying the corporate income tax system to provide tax benefits for SMEs engaging in research and development activities related to circular economy solutions or for investments in environmentally friendly technologies. For example, the Netherlands has two such schemes: 1) the Environmental Investment Deduction Scheme (MIA scheme) allows an entrepreneur to deduct up to 36% of the investment costs for an environmentally friendly investment on top of the regular investment tax deduction; 2) the Arbitrary Depreciation of Environmental Investments Scheme (Vamil scheme) allows the entrepreneur to decide when to write off 75% of the investment costs, thereby providing an advantage with regard to liquidity and interest (Netherlands Enterprise Agency, n.d.^[15]).

2. Establishing and strengthening multi-stakeholder co-operation within and across value chains

Strengthening collaboration among the relevant stakeholders and partnerships between public and private organisations is key for transitioning to a circular economy. Transitioning to a circular economy will require a change across the entire economy. Promoting inter-sectoral, cross-agency and interdepartmental collaboration in Albania would help scale up innovative circular business models, as the circular economy concept cuts across economic sectors and value chains as well as the competencies of public authorities. Currently, the poor co-ordination among institutional, civil society, academia and private sector stakeholders hampers the proper implementation of green policies (OECD, 2022^[3]). Efforts in this regard should be spearheaded by the recently formed Directorate for Circular Economy, operating under the Ministry of Tourism and Environment. Additionally, the working group established during the development of this roadmap could play a central role in these initiatives. To improve multi-stakeholder co-operation within and across value chains, Albania could focus on three key actions.

In the short term, Albania will need to establish a circular economy stakeholder/business platform to strengthen collaboration, information exchange and the exchange of good practices. Besides enabling collaboration and networking opportunities between the public and private sectors, such platforms (whether virtual or physical) may also facilitate synergies and knowledge-sharing across the different parts of the value chain. A circular economy stakeholder platform, established as part of the OECD project “Supporting Green Transition through Circular Economy Roadmaps”, can provide a solid foundation for such efforts (see Annex A for more information). Some have set up working groups to work on specific topics. Most European countries have established national circular economy stakeholder platforms or hubs, which serve as fora for information exchange; peer learning; multi-stakeholder co-operation; and a depository of information, data and other relevant material (see Box 5.2 for a few examples). Albania could set up a specific working group for the tourism sector, where SMEs could discuss and exchange practices on sustainable tourism practices, for example in the accommodation and food services sub-sectors. In particular, regarding the food system, evidence shows that a joint vision and joint action are needed to create commitment and to achieve the overarching goals and targets, as the underlying causes and challenges of food waste are complex and linked to other issues related to food health and safety and food resilience and security. In such an intertwined value chain, each stakeholder has a role to play but cannot act without collaborating with the other relevant actors (OECD, 2022^[16]).

Box 5.2. Examples of circular economy platforms/hubs

- **Slovak Circular Economy Platform** (Circular Slovakia) – established in the form of a public-private partnership by the Slovak Ministry of Environment, the Embassy of the Kingdom of the Netherlands, the Institute for Circular Economy, PwC Slovakia, the Slovak Business Agency and the Slovak Environment Agency in 2019. Its main goals are to promote a circular economy to businesses as an approach that provides economic benefits and opportunities, exchange, information and experience; help build business partnerships and new projects; inform businesses about the latest legislation in the area; and support their participation in the policy-making process. The platform also helps increase discussion between the public and private sectors as well as among businesses themselves.
- **Circular Glasgow** – hosted since 2015 by the Glasgow Chamber of Commerce, Zero Waste Scotland and the Glasgow City Council (United Kingdom). Circular Glasgow aims to build best practices and capacity on the circular economy across Glasgow businesses, helping them identify opportunities to support and implement circular ideas. This is done through workshops and events – a series of knowledge-sharing business-to-business networking events; a circle assessment – a tool which helps businesses understand opportunities to become more circular; and the Circle Lab – an online hackathon event to find circular solutions to local challenges.
- The **Italian Circular Economy Stakeholder Platform** – established in 2018 by the National Agency for New Technologies, Energy and Sustainable Economic Development, as a mirror initiative of the European Circular Economy Stakeholder Platform. It acts through six working groups: 1) Research and eco-innovation, dissemination of knowledge and training; 2) Regulatory and Economic tools; 3) Tools for measuring the circular economy; 4) Sustainable and circular value chains; 5) Circular Cities and Territories; and 6) Good practices and Integrated Approaches. The platform aims to foster synergies between relevant stakeholders, overcome the fragmentation of initiatives at the Italian level, map good practices, and promote the Italian way for the circular economy at the national and international level.
- **Türkiye Circular Economy Platform** – established in 2020 by the Business Council for Sustainable Development of Türkiye. The platform aims to provide practical solutions, incentives, news and opportunities in the field of the circular economy. It includes a knowledge hub, an e-commerce platform for industrial symbiosis (as part of Türkiye Materials Marketplace – established in 2016) and measurement tools and offers training, financial opportunities and consultancy services for companies looking to accelerate their circular transition.
- Other examples of platforms connecting experts and organisations, engaging stakeholders within different working groups, and promoting projects that integrate the principles of a circular economy include the Holland Circular Hotspot and the newly established Czech Circular Hotspot.

Sources: OECD (2021^[17]); ICESP (n.d.^[18]); BCSD (n.d.^[19]); INCIEN (2021^[20]); Holland Circular Hotspot (2022^[21])

Albania should also strengthen collaboration between SMEs and academia, as well as regional and international collaboration on R&D and innovation. Collaboration between SMEs and academia could be improved, for example, by introducing grants for collaborative R&D, innovation vouchers or supporting the establishment of collaborative research centres. For instance, in the United Kingdom, funding is available through the TSB Collaborative R&D Scheme to encourage collaboration between business and researchers. The Czech Republic implements a government programme for applied research and experimental development administered by the Technology Agency of the Czech Republic. In particular, its ZETA programme supports co-operation between academia and industry (Technology Agency of the Czech Republic, n.d.^[22]). A guide on setting up collaborations for a circular economy can be found in the

Circle Economy's recent publication (2020^[23]). This objective can also be achieved by incorporating a circular component into the portfolios of existing initiatives, such as Tirana-Inc. The programme, established in 2021 through collaboration among Albania's five leading universities with support from the EU for Innovation project, aims to foster entrepreneurship and innovation among university students by providing training, working spaces and advice. Moreover, Albania could promote more regional and international collaboration, for example, by sharing examples of regional and international projects and helping SMEs to establish partnerships with other businesses or academia. This could be done through their national contact points for EU programmes (e.g. Horizon Europe).

In the long term, and once circular business models are more known and widespread in Albania, the country could also organise investor-entrepreneur matchmaking events. The aim of these events would be to gather investors and innovators in Albania, present the pipeline of potential projects that support circular business models, pitch the ideas to investors and try to match investors with project developers. This is more common for technological innovations in the energy sector, but the same concept has been expanded to circular innovations as well (for example, in Germany and the Netherlands). Public authorities can be involved in setting up such business support networks, as is the case in the Netherlands (e.g. the Ministry of Infrastructure and Water has jointly created with other partners the Netherlands Circular Accelerator business platform that helps match entrepreneurs across regions and value chains). Such events could also be organised regionally (in the Western Balkans), where the aim would be to establish new connections and joint investments across the region.

3. Raising SMEs' awareness and education on the circular economy

Chapter 2's diagnostics show that only 44% of SMEs have a clear understanding of the circular economy and only 20% of businesses believe that their business models contribute to a circular economy. Moderate efforts have been made to raise awareness of the benefits of greening activities among SMEs, such as cost savings and increased productivity (OECD, 2022^[3]). Awareness-raising activities have been conducted through different campaigns with the support of international partners. Some capacity-building workshops with local governments and the private sector have also been undertaken. Moreover, the annual Green Businesses award competition is organised to raise awareness and encourage SME eco-innovation, aiming to serve as an incubator for small-scale green development ideas, using local resources and reviving the traditions of production and community-based markets in an environmentally friendly way. Awareness-raising activities are also part of the new Business Development and Investment Strategy (2021-2027) (OECD, 2022^[3]). To further support the scaling up of circular business models, Albania will need to continuously implement targeted communication and education initiatives. This could also be done through private sector organisations, including chambers of commerce.

In the short term, Albania should focus on raising awareness on the circular economy and circular business models for SMEs through additional communication campaigns and training programmes, including by showcasing good practices and access-to-finance possibilities. Such activities could be conducted by AIDA, considering its expanding role as a government business support services provider, as envisaged in the Business Development and Investment Strategy (2021-2027). AIDA's Access to Finance portal, established in 2021 as a one-stop shop on financial support for SMEs, can also serve as a good avenue to showcase financing options that target the circular economy. Apart from AIDA, both the Union of Chambers of Commerce and Industry of Albania and the Chamber of Commerce and Industry of Tirana, which already provide support services to SMEs, could offer further training on circular business models. Awareness-raising and educational activities could focus on circular business models in general or aim at specific sectors. In collaboration with the Hungarian Prime Minister's Office, the OECD organised a training event in Hungary as part of a project supporting the development of the national circular economy strategy. The event aimed to raise awareness and provide training on circular business models, particularly for small and medium-sized enterprises. It introduced the Circular Economy Technology Platform, outlined circular economy principles for key priority areas (construction,

biomass and food, and plastics), and highlighted successful examples of circular business models in Hungary. The session concluded with a presentation on public funding opportunities for transitioning to a circular economy in Hungary. Albania could consider organising a similar event focusing on specific economic sectors and value chains, such as plastics, tourism and textiles.

In the medium term, Albania will need to continue facilitating the exchange of practices and peer learning, including cross-sectoral knowledge development. This could be done through dedicated stakeholder events and campaigns on specific topics (for example, on food waste prevention in the tourism sector) or through a circular economy platform/hub (see also Box 5.2). There are ample examples of international good practices on food waste prevention information campaigns. The campaigns, including the involvement of retail and food services, would help target consumer campaigns and interactive events around action-oriented policy measures. The Albanian authorities could also collaborate with the food industry and the non-governmental sector on promoting food waste reduction strategies directed at consumers, develop a best practices inventory or (online) resource database accessible to consumers and professionals, and support the training and education of food professionals and employees. Regarding the textiles sector, for instance, the WRAP “Love Your Clothes” campaign in the United Kingdom is an example of an awareness-raising campaign about the value of clothes and how their lifetime can be extended, aiming to encourage people to make the most of them. Other examples include advising services and workshops offered within the “Repaired Better Than New” initiative in the Metropolitan Area of Barcelona (Spain) and the Repair Café International Foundation in the Netherlands.

In the medium term, Albania could also provide support to SMEs on environmental legislation and obligations to ease their administrative burden. This would entail providing an overview and advice on environmental obligations and policy developments. This is particularly relevant to SMEs, as they often lack adequate resources and capacities and are less likely to follow policy developments and legislative initiatives. This can be achieved by, for example, integrating this information and advice within a circular economy platform, funding programme or as part of awareness-raising campaigns. Circular economy and waste-related stakeholder events often include sessions that provide an overview of legislative changes, new reporting obligations and the impact this may have on businesses. Circular economy platforms or hubs also tend to have a dedicated section on their website that summarises key legislation and obligations. It can also be part of an extended producer responsibility scheme, where producer responsibility organisations disseminate such information to their members.

Albania could also support capacity building and entrepreneurship skills as well as vocational training on the circular economy. Education and capacity-building instruments include tailored training courses for companies and entrepreneurs and advice/consulting support for start-ups, companies and entrepreneurs that can be provided by a variety of institutions in the country or within international projects funded by international development co-operation partners. Local authorities and/or waste management organisations can also facilitate the education activities by sending representatives to schools or inviting children to facility tours. Producers under the extended producer responsibility are also obliged to finance such educational activities. In some countries, compulsory minimum producer responsibility obligation expenditures spent on awareness have also been introduced. In Austria, they amount to 0.3% of income; in Poland it is 5% (Drab, Engel and Kristofory, 2020^[24]).

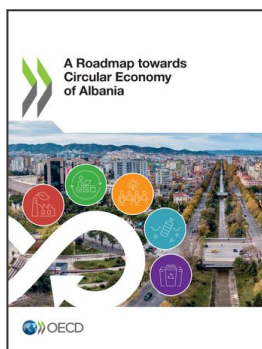
International projects relevant to the circular economy and waste could have a component dedicated to the provision of training to local SMEs as well as financial institutions to raise awareness and knowledge among entrepreneurs about circular business models on the one hand and educate investors about the risks and opportunities of such projects on the other, hence, increasing the likelihood of financing such projects. The Circular Economy Regional Initiative funded by the European Bank for Reconstruction and Development and the Global Environmental Facility seeks to drive the expansion of the circular economy in the Western Balkans and Türkiye by focusing efforts on decreasing the barriers to investments in circular business models, technologies and processes. As one of its main components, the project contributes to active knowledge sharing between relevant stakeholders and offers technical assistance necessary for

developing bankable projects (GEF, 2021^[25]). This is one example of common practice in programmes funded by international development co-operation partners, though most are aimed at increasing energy efficiency and renewable energies. Awareness-raising initiatives and education activities are especially relevant for SMEs and start-ups, which, besides their already lower exposure to domestic R&D and innovation activities, might also not be fully aware of the opportunities offered by circular business models and might lack skills in accessing and using existing data, information and knowledge.

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