

# 1 Introduction

---

This chapter sets both the national and broader context of EU alignment for Albania's circular transition, offering insights into the objectives and scope of the circular economy roadmap. It also provides an overview of the concept of the circular economy and the momentum around its adoption in Albania.

---

## Objectives and scope of the roadmap

The prime objective of this roadmap is to help the government of Albania set the policy foundations for its circular economy transition, strengthen inter-institutional co-ordination and stakeholder consultations, and drive the transformation in this regard. Building on a comprehensive diagnostic of the state-of-play of the circular economy in Albania, integrating ongoing policy efforts and aiming to create synergies between the different sectors, measures and actors involved in the circular economy, this roadmap presents key policy recommendations for three selected priority areas: 1) economic instruments (such as subsidies, taxes, charges or fiscal transfers); 2) circular business models for small and medium-sized enterprises (SMEs); and 3) plastics, with particular attention to marine litter. In addition to these selected priorities, three areas are tackled horizontally: 1) municipal waste management; 2) the tourism sector; and 3) knowledge and raising awareness of the circular economy among relevant stakeholders.

By integrating the measures outlined in this roadmap into its regulatory and policy framework, Albania can achieve a cohesive policy architecture. The implementation of the concrete measures will be key to enabling a transition to a circular and climate-neutral economy. Other direct and indirect benefits include: greater resource efficiency; improved waste management; reduced environmental pressure and the associated benefits for public health; improved material security; and increased industrial competitiveness and job creation. As these benefits are realised over time, they are expected to shape the long-term strategic direction and the institutional framework necessary for the transition to a circular economy, contributing positively to the fulfilment of national climate and other environmental goals.

The key elements of this roadmap that support the circular economy in Albania are:

- A rationale for the transition to a circular economy in general and within the Albanian context.
- A diagnostic presenting a comprehensive analysis of the state-of-play of the circular economy in key economic sectors, recent environmental developments and circular trends, and the existing policy landscape concerning the circular economy, highlighting the key policy gaps in Albania.
- A potential overarching vision and the roadmap's strategic goals and targets.
- An analysis of the three selected priority areas (economic instruments, circular business models and plastics), accompanied by key policy recommendations. Municipal waste management, the tourism sector, and knowledge and awareness of the circular economy are addressed as cross-cutting issues.
- A monitoring framework with a set of key indicators, based on European Union (EU) circular economy indicators, to support the implementation of the roadmap and measure progress towards achieving its objectives.

## Context for the roadmap

Albania is proactively addressing the challenges posed by increasing climate change vulnerabilities, reliance on imported raw materials and increased waste, which have a significant impact on the country's pursuit of regional integration and alignment with the European Union. Enhancing competitiveness, promoting fair and equitable growth, decarbonising the economy, and safeguarding the environment are at the forefront of Albania's national policies.

Albania's commitment to sustainable development, reflected in its National Strategy for Development and Integration (2022-2030), is dependent on a successful shift towards circular economy principles, consistent with the United Nations Sustainable Development Goals (SDGs). Notably, Albania's path to sustainable development and EU integration requires an integrated approach to waste management, which is a crucial focus of its National Plan for Integrated Waste Management (2020-2035), to gradually transition from a linear waste model to a circular approach promoting reuse and recycling.

While Albania has yet to establish a comprehensive framework for environmental protection which extends beyond climate change mitigation, the National Strategy for Climate Change (2020-2030) concentrates on strengthening institutional capacity to reduce greenhouse gas (GHG) emissions, aligning with the EU climate framework and the goals of the Paris Agreement. Additionally, environmental considerations are increasingly being taken into account in industry-relevant policies. This is, for example, reflected in the Business Investment and Development Strategy (2021-2027), which focuses on promoting green investments, changes in the supply chain for more circular products and services, and empowering eco-innovation in key economic sectors.

Key institutions in Albania have acknowledged the significance of a circular transition in achieving national and regional development objectives. The Ministry of Tourism and Environment is spearheading this shift, notably through its newly established Directorate for Circular Economy. The cross-cutting nature of the circular transition requires whole-of-government involvement in the formulation and implementation of circular economy policies. Hence, other institutions like the Ministry of Finance and Economy, the Ministry of Infrastructure and Energy, and the National Environmental Agency equally contribute to this transformative effort.

However, concrete advancements in the circular economy in Albania have been limited so far. Some of the main challenges in this regard are the low awareness on circular economy concepts among citizens and businesses,<sup>1</sup> the lack of adequate infrastructure, and the limited financing options for businesses. Moreover, existing efforts are rather fragmented, lacking a unified and co-ordinated approach. This lack of concerted action remains a key impediment for transitioning to a circular economy in Albania and the main rationale for the development of this roadmap.

## Overview of the circular economy

### *The circular economy concept*

Growing concerns surrounding environmental issues such as climate change, acidification, eutrophication and intensive land use have drawn global attention to the ever-rising levels of material extraction and consumption. This acknowledgment underscores the significance of the circular economy concept, which marks a fundamental departure from the traditional linear economic model of “take-make-dispose” and offers a promising approach to mitigating environmental pollution.

In a circular economy, goods and services are intentionally designed, produced and consumed to minimise the use of material resources. This approach champions key principles like waste reduction along the complete product life cycle, material recovery from waste streams for recycling or reuse, the extension of product life cycles, durability, and the exploration of potential within the sharing and services economy. It advocates for the repair, reuse and recycling of materials and products, all in the pursuit of creating a regenerative closed-loop system.

More specifically, a circular economy transforms the flows of products and materials through three key mechanisms (McCarthy, Dellink and Bibas, 2018<sup>[1]</sup>):

- **Closing resource loops** through the substitution of secondary materials and second-hand, repaired or remanufactured products in place of their virgin equivalents.
- **Slowing resource loops** through the emergence of products which remain in the economy for longer, usually due to more durable product design.
- **Narrowing resource flows** through more efficient use of natural resources, materials and products, including the development and dissemination of new production technologies, increased use of existing assets and shifts in consumption behaviour.

Transitioning to a circular economy promises numerous benefits. It significantly enhances resource efficiency and fosters the sustainable management of materials, effectively curbing resource depletion and reducing ecosystem degradation. Circular economy practices also contribute to lowering the carbon footprint associated with economic activities, by minimising energy-intensive processes in raw material extraction and processing, reducing the frequency of production and disposal, and curbing waste emissions. Furthermore, these practices foster innovation and sustainable design, amplifying their positive environmental impact. The advantages of this shift range from a substantial reduction in GHG emissions and the creation of new employment opportunities to decreased reliance on scarce resources. Not only does the circular economy prioritise environmental sustainability, but it also fortifies economic resilience and encourages innovation for more sustainable production and consumption practices.

The circular economy concept has gained widespread acceptance, finding its place in national and international policy making, civil society, and the business sector. However, it is essential to note that there is no universal definition or approach to it. Instead, policies and initiatives are tailored to align with the specific objectives of governments seeking a transition toward a resource-efficient circular economy.

Enhancing resource efficiency and advancing the transition to a circular economy are integral components of green growth, and their significance is widely recognised in comprehensive environmental and economic policies. Several international organisations are actively engaged in promoting the circular economy. For instance, the OECD has established a Circular Economy Policy Framework, offering guidance to its member countries in their transition towards circularity. The United Nations promotes sustainable consumption and production through the SDGs, particularly SDG 12. Additionally, the Plastic Waste Partnership, led by the United Nations Environment Programme, tackles global plastic pollution through circular solutions. The World Economic Forum's Circular Economy Initiative champions circular business practices, while the G7 Alliance on Resource Efficiency advocates for circular economic policies and practices within some of the world's largest economies. In addition to policy-making bodies, influential international and non-governmental organisations collaborate with stakeholders from the private sector, academia and civil society to drive the adoption of circular economy practices.

### ***The European Union's policy framework and legislation promoting a circular economy***

The European Union has made the transition to a circular and net zero economy one of its policy priorities. By prioritising the transition to circularity, it is determined to achieve its ambitious goal of becoming the first climate-neutral continent by 2050, a commitment embedded in the European Green Deal (European Commission, 2019<sup>[2]</sup>), the European Union's blueprint for sustainable growth.

Building on the foundation of its initial Circular Economy Package, which included the EU Circular Economy Action Plan in 2015, the European Union further reinforced its commitment in 2020 with a new Circular Economy Action Plan. This plan is one of the main building blocks of the EU Green Agenda, supporting climate neutrality by decoupling economic growth from resource consumption, strengthening EU competitiveness, and facilitating a just and inclusive transition. It outlines a series of ambitious targets, including a commitment to recycling 65% of municipal waste and 75% of packaging waste by 2035, to be attained through measures like reducing single-use plastics and bolstering eco-design principles for extended life cycles.

The European Union's legal framework for the circular economy is intrinsically connected to the "Fit for 55" package, a comprehensive set of legislations aimed at aligning EU policies with the climate goals outlined in the EU Climate Law.

A number of established regulations support the circular economy and further revisions are implemented as proposed in the Circular Economy Action Plan. The following legal instruments collectively create a robust foundation for the transition to a circular economy within the European Union, contributing to resource efficiency and environmental sustainability on a significant scale.

- The Waste Framework Directive defines the core principles of waste management, including waste prevention and recycling targets. The latest proposal for a targeted revision of the directive was published in July 2023 (European Commission, 2023<sup>[3]</sup>). It aims to introduce a mandatory and harmonised extended producer responsibility scheme for textiles, in line with the EU Strategy for Sustainable and Circular Textiles (European Commission, 2022<sup>[4]</sup>).
- The Packaging and Packaging Waste Directive sets specific targets for packaging recycling and recovery. It is undergoing revisions to strengthen packaging requirements, with a focus on enhancing packaging reusability and recyclability, promoting the use of recycled materials, and ensuring effective enforcement (European Parliament, 2023<sup>[5]</sup>). A complementary policy framework for biobased, biodegradable and compostable plastics was also developed (European Commission, 2022<sup>[6]</sup>).
- In 2022, proposals were adopted for a new Ecodesign for Sustainable Products Regulation (European Commission, 2022<sup>[7]</sup>), a revised Construction Products Regulation (European Commission, 2022<sup>[8]</sup>) and the Empowering Consumers for the Green Transition Regulation (European Commission, 2022<sup>[9]</sup>).

Beyond regulatory and policy mechanisms, the European Union encourages and supports stakeholder involvement in the circular economy transition. The EU Circular Economy Stakeholder Platform, established in 2017, and the Global Alliance on Circular Economy and Resource Efficiency, launched in 2021, represent important forums for collaboration, knowledge exchange and policy development that advance the circular economy on both regional and global scales.

## Momentum for the circular economy in the Western Balkans and Albania

Over the years, there has been a constant increase in waste generated per capita in the Western Balkans, with the recycling rate of municipal waste among the economies being very low, whereas resource intensity as a measure of efficiency of resource use has remained comparatively high (OECD, 2021<sup>[10]</sup>). This situation poses a significant burden on the environment, leading to its degradation, biodiversity loss as well as to water, air and soil pollution, thus contributing to climate change. In addition, the COVID-19 pandemic showed that dependency on globalised linear supply chains and cheap virgin raw materials pose high economic risks, leading to production disruptions and revenue losses, rendering the current linear economic model unsustainable. Against this backdrop, the circular economy has gained prominence as a solution to address critical environmental concerns while fostering sustainable and more resilient economic development.

The Western Balkan leaders expressed their commitment to align with European climate targets of becoming carbon-neutral by 2050 when they signed the Sofia Declaration on the Green Agenda for the Western Balkans on 10 November 2020. As a key component of this agenda, the transition to a circular economy is supported by the European Commission's Regional Economic and Investment Plan. The Green Agenda for the Western Balkans emphasises the need to link regional economic growth and new business opportunities to more sustainable production and consumption practices. This includes encouraging waste prevention, reuse and recycling as well as reducing waste production, increasing resource productivity and reducing pollution, particularly of plastic.

Spurred by a combination of environmental concerns, economic considerations, and regional and EU integration efforts, the adoption of circular economy principles and practices is gaining traction in the Western Balkans. Serbia and Montenegro adopted circular economy roadmaps in 2020 and 2022, respectively, followed by related programmes or strategies and action plans. Kosovo\* published its circular

---

\* This designation is without prejudice to positions on status and is in line with United Nations Security Council Resolution 1244/1999 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

economy roadmap in March 2023, while Bosnia and Herzegovina is currently preparing such a document. Supported by the OECD, work on circular economy roadmaps in Albania and North Macedonia started at the end of 2022, with the aim of completing them in early 2024. This document represents the results of the efforts undertaken in Albania.

With the active development of its circular economy framework, Albania can address critical aspects of its circular economy. Foremost among these is the challenge of ineffective waste management, a shared concern among regional peers, potentially also impacting Albania's growth as an emerging tourist destination, with the surge in tourism contributing to higher waste quantities and adding to this challenge. Moreover, very little widespread knowledge of the circular concept and opportunities in the broader society and within the business community pose a risk of missing out on vital opportunities for essential and green development investments.

## References

- Env.net (2021), *Circular Economy Regional Report*, <http://env-net.org/wp-content/uploads/2021/01/Circular-Economy-2020.pdf>. [11]
- European Commission (2023), *Proposal for a Targeted Revision of the Waste Framework Directive*, European Commission, Brussels, [https://environment.ec.europa.eu/publications/proposal-targeted-revision-waste-framework-directive\\_en](https://environment.ec.europa.eu/publications/proposal-targeted-revision-waste-framework-directive_en). [3]
- European Commission (2022), "Circular economy: Commission proposes new consumer rights and a ban on greenwashing", press release, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_2098](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2098). [9]
- European Commission (2022), *Communication – EU Policy Framework on Biobased, Biodegradable and Compostable Plastics*, European Commission, Brussels, [https://environment.ec.europa.eu/publications/communication-eu-policy-framework-biobased-biodegradable-and-compostable-plastics\\_en](https://environment.ec.europa.eu/publications/communication-eu-policy-framework-biobased-biodegradable-and-compostable-plastics_en). [6]
- European Commission (2022), *Communication – EU Strategy for Sustainable and Circular Textiles*, European Commission, Brussels, [https://environment.ec.europa.eu/publications/textiles-strategy\\_en](https://environment.ec.europa.eu/publications/textiles-strategy_en). [4]
- European Commission (2022), *Proposal for a Regulation Laying Down Harmonised Conditions for the Marketing of Construction Products, Amending Regulation (EU) 2019/1020 and Repealing Regulation (EU) 305/2011*, European Commission, Brussels, <https://ec.europa.eu/docsroom/documents/49315>. [8]
- European Commission (2022), *Proposal for Ecodesign for Sustainable Products Regulation*, European Commission, Brussels, [https://environment.ec.europa.eu/publications/proposal-ecodesign-sustainable-products-regulation\\_en](https://environment.ec.europa.eu/publications/proposal-ecodesign-sustainable-products-regulation_en). [7]
- European Commission (2019), *Communication on the European Green Deal*, European Commission, Brussels, [https://commission.europa.eu/document/daef3e5c-a456-4fbb-a067-8f1cbe8d9c78\\_en](https://commission.europa.eu/document/daef3e5c-a456-4fbb-a067-8f1cbe8d9c78_en). [2]

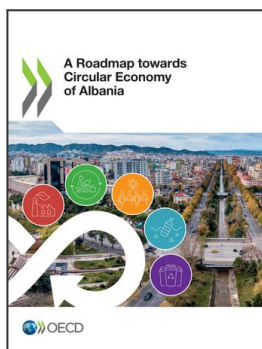
- European Parliament (2023), *Revision of the Packaging and Packaging Waste Directive*, European Parliament, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/745707/EPRS\\_BRI\(2023\)745707\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/745707/EPRS_BRI(2023)745707_EN.pdf). [5]
- McCarthy, A., R. Dellink and R. Bibas (2018), “The Macroeconomics of the Circular Economy Transition: A Critical Review of Modelling Approaches”, *OECD Environment Working Papers*, No. 130, OECD Publishing, Paris, <https://doi.org/10.1787/af983f9a-en>. [1]
- OECD (2021), *Competitiveness in South East Europe 2021: A Policy Outlook*, Competitiveness and Private Sector Development, OECD Publishing, Paris, <https://doi.org/10.1787/dcbc2ea9-en>. [10]

## Note

<sup>1</sup> According to a study conducted in 2020, while more than half of SMEs interviewed declared being familiar with the concept of a circular economy, only 44% had a clear understanding of what a circular economy entails (Env.net, 2021<sup>[11]</sup>).







**From:**  
**A Roadmap towards Circular Economy of Albania**

**Access the complete publication at:**  
<https://doi.org/10.1787/8c970fdc-en>

**Please cite this chapter as:**

OECD (2024), "Introduction", in *A Roadmap towards Circular Economy of Albania*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/24735ba8-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.