

# 14 Environment policy

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A healthy and sustainable environment is crucial for economic competitiveness as it supports resource efficiency, enhances resilience to climate-related risks, fosters innovation, and attracts investments while mitigating environmental degradation and associated costs. The chapter analyses the robustness and comprehensiveness of environment policies across four sub-dimensions. The first sub-dimension, climate action, assesses strategies aimed at both mitigating and adapting to climate change. The second sub-dimension, circular economy, focuses on policies promoting waste minimisation, resource efficiency, as well as sustainable production and consumption. The third sub-dimension, protection of ecosystems, explores challenges in managing freshwater, biodiversity and forestry, as well as land-use. The fourth sub-dimension, depollution, analyses policies related to air quality, water supply and sanitation, and industrial risk management, paramount for enhancing competitiveness while ensuring environmental sustainability.

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## Key findings

Albania has significantly enhanced its overall environment policy score since the last *Competitiveness Outlook* (CO) (Table 14.1). Noteworthy progress has been achieved across all sub-dimensions, with particular advancements in climate action, circular economy, and ecosystem protection. Notably, Albania stands out as the economy that has made the most significant progress since the last assessment and is currently among the top-ranking economies across all sub-dimensions.

**Table 14.1. Albania's scores for environment policy**

Dimension	Sub-dimension	2018 score	2021 score	2024 score	2024 WB6 average
Environment	13.1: Climate action			2.8	2.5
	13.2: Circular economy			2.3	2.2
	13.3: Protection of ecosystems			2.7	2.1
	13.4: Depollution			2.3	2.3
<b>Albania's overall score</b>		<b>1.8</b>	<b>1.9</b>	<b>2.5</b>	<b>2.3</b>

The **key findings** are:

- Important strides have been made to enhance the climate change legal and policy frameworks in Albania, in line with obligations under the Paris Agreement and EU directives. Further efforts were undertaken to set targets to mitigate greenhouse gas (GHG) emissions, and adaptation measures have been implemented to increase resilience to climate risks. Economic instruments and incentives remain to be introduced to discourage high-carbon behaviour, in particular in the transport sector.
- While waste management remains a challenge in Albania, well-defined objectives and targets for waste reduction, recycling and recovery have been defined in revised policy and legislative frameworks. A cross-sectoral transition to a circular economy is also envisaged as part of the recently developed roadmap. Nevertheless, improved infrastructure, economic instruments and enhanced awareness raising across all parts of society will be necessary to ensure this transition.
- Legal frameworks on the protection of water, biodiversity and land ecosystems increasingly align with international good practices, with substantive progress achieved in enhancing biodiversity and forestry management. Nevertheless, suboptimal data collection, limited inter-institutional co-ordination and dependence on donors' funds impede sustained implementation of policies.
- Efforts are ongoing to increase environmental quality of life in Albania. Measures have been implemented to reduce air pollution and reform water supply and sanitation services. The industrial risk management framework has been strengthened, though it remains at an early stage of development.

## State of play and key developments

### **Sub-dimension 13.1: Climate action**

In 2022, Albania had the lowest GHG emissions per capita (2.71 tonnes of CO<sub>2</sub> equivalent per capita) in the Western Balkan region, significantly below the EU and OECD averages (8.1 and 9.9 tonnes CO<sub>2</sub> equivalent per capita, respectively) (Crippa et al., 2023<sup>[1]</sup>). This can be attributed primarily to the heavy reliance on hydropower energy, upon which Albania relies almost entirely for its electricity supply. Although GHG emissions had tripled in the past two decades until 2017, they have been gradually decreasing since then (JRC/IEA, 2023<sup>[2]</sup>). Despite this positive trend, Albania remains highly vulnerable to the impacts of climate change, primarily in terms of changes in temperature, rainfall patterns and sea-level rise as well as geophysical hazards such as earthquakes. Projections indicate that Albania's summers will experience significant warming, with temperature increases ranging from 2.4°C to 3.1°C from June to August. Elevated temperatures heighten the risks of drought and wildfires, while shifts in precipitation patterns could lead to more frequent flooding in certain regions and an increased occurrence of droughts, landslides and erosion in embankments and mountainous areas. These changes not only pose significant threats to key sectors like agriculture and tourism, but also affect the availability of water necessary for hydropower generation (World Bank, 2021<sup>[3]</sup>).

In line with international obligations under the United Nations Framework Convention on Climate Change (UNFCCC) and regional commitments under the Green Agenda for the Western Balkans, Albania has made progress on developing its framework for climate change mitigation and adaptation. In addition to the Law for Climate Change (2020) and the National Strategy for Climate Change (2020-30), Albania submitted its revised Nationally Determined Contributions (NDC)<sup>1</sup> (2021-30), targeting a greater overall emissions reduction of 20.9% below business-as-usual by 2030 (compared to a CO<sub>2</sub> reduction of 11.5% as part of its first NDC). Albania was also one of the first two Western Balkan economies to adopt its National Energy and Climate Plan (NECP) in 2021, which is to be regularly updated in accordance with recommendations from the Energy Community. Moreover, the National Strategy for Development and European Integration (2022-30) is the first document to strongly emphasise the identification, definition and mobilisation of financial resources to protect Albania from climate change's impacts.<sup>2</sup> However, the absence of adequate monitoring instruments poses a challenge in effectively tracking the progress of implemented climate measures and the effectiveness of allocated financial resources. Co-ordination among all institutions involved in climate change matters is ensured through the Inter-Ministerial Working Group on Climate Change, led by the Ministry of Tourism and Environment, which regularly meets and benefits from capacity building as part of donor-funded projects.<sup>3</sup> Changes to the working group were ongoing at the time of writing, resulting in its division into two specific groups for mitigation and adaptation and the incorporation of additional institutions.

On **climate change mitigation**, as a Non-Annex I economy to the UNFCCC,<sup>4</sup> Albania has developed an inventory of emissions by sources and removals by sinks of all atmospheric GHGs since 1990. The latest inventory, covering the period 2009-19, was submitted as part of the Fourth National Communication to the UNFCCC in 2022 and includes emissions from energy, Industrial Processes and Product Use (IPPU), agriculture, Land Use, Land Use Change and Forestry (LULUCF), and waste. To further align with obligations under the Paris Agreement, a regulation establishing the GHG National Inventory System was adopted in 2022, under the authority of the National Environment Agency (NEA). Economic instruments and incentives to achieve GHG emissions targets remain nevertheless scarce and mainly targeted at promoting renewables (primarily through the Agency for Energy Efficiency). A carbon tax for large industrial polluters, feebate or excise taxes on individual fuels have yet to be introduced to discourage high-carbon activities. However, Albania has taken preliminary steps to consider the introduction of an emissions trading system (ETS) and carbon pricing, with the assistance of international partners.<sup>5</sup>

The framework for **climate change adaptation** has also been strengthened since the last assessment. The National Strategy for Climate Change and the revised NDC both outline adaptation measures, primarily in the priority sectors of settlements, tourism and Agriculture, Forestry and Other Land Use (AFOLU). Adaptation measures are also being integrated into existing strategies and plans (including agriculture, water management and national development<sup>6</sup>). Moreover, Albania's government is receiving support from the Green Climate Fund (GCF) to increase its capacity to address climate change vulnerabilities, specifically through the revision of the National Adaptation Plan (NAP), planned for the end of 2024. Extensive consultations are ongoing to revise the NAP and curb implementation challenges that occurred for the previous Plan (only 15% of identified measures were reported as completed between 2019 and 2023). The main recommendations resulting from consulted stakeholders for the revised NAP include institutional strengthening and the development of financing, monitoring and evaluation strategies to ensure the long-term sustainability of adaptation policies.

Following the 2019 earthquake, Albania was supported by the donor-led project "Resilience Strengthening in Albania" (RESEAL). As part of this project, a National Disaster Risk Assessment was conducted in 2022, followed by the development of the National Strategy and Action Plan for Disaster Risk Reduction (2023-30) with the National Civil Protection Agency. The initiative aims to strengthen Albania's capacity to manage the impacts of climate change, with particular attention paid to women and vulnerable groups. The Action Plan specifically foresees the establishment and reinforcement of early warning systems. In this regard, resilience to floods was enhanced between 2017 and 2021 through the National Early Warning System and Flood Prevention programme, which led to the development of flood hazard maps, an improved Flood Early Warning System, the integration into the European Flood Awareness System (EFAS) and increased public awareness activities. Nevertheless, further efforts are required to improve flood forecasting, the sustainability of monitoring stations and the development of flood risk management plans in all basins (European Commission, 2023<sup>[4]</sup>).

### ***Sub-dimension 13.2: Circular economy***

Transitioning to a circular economy requires measures that encompass the entire life cycle of products, spanning from design and manufacturing to consumption, repair, reuse, recycling, and bringing resources back into the economy. The uptake of circular practices remains limited in Albania though gradually gaining momentum, with several stakeholders (mainly civil society organisations and academia) involved in different activities and initiatives, primarily focusing on raising awareness and promoting waste management practices. Important strides have been made since the last assessment to enhance the framework covering **sustainable resource use, consumption and production** and related inter-institutional co-ordination through the new Directorate for Circular Economy, established in 2022 as part of the Ministry of Tourism and Environment (MTE). The transition to a circular economy has increasingly been integrated into strategic documents, such as the National Waste Management Plan (2020-35), the National Strategy for Climate Change (2020-30) and the Business Investment and Development Strategy (2021-27). Moreover, commitment to Albania's circular transition has been backed by substantive international support. With the support of the OECD, Albania developed its Circular Economy Roadmap in 2023-24. Its objective is to create synergies between existing frameworks and activities and to propose recommendations in three priority areas (Box 14.1). Additionally, the EU4Circular Economy and Green Growth, launched in 2023, aims to improve circular economy-related legislation, infrastructure and awareness.<sup>7</sup>

### Box 14.1. Development of the Circular Economy Roadmap in Albania

As part of the project “Supporting Green Transition through Circular Economy Roadmaps”, the Ministry of Tourism and Environment has been supported by the OECD in developing its Circular Economy Roadmap. The main pillars of the roadmap design process were as follows:

- *Co-ordination mechanism* – Nomination of the Circular Economy (CE) co-ordinator and creation of a working group, comprised of stakeholders from relevant government institutions, academia, civil society and the private sector. The Circular Economy Working Group was consulted throughout the entire design process.
- *Diagnostics* – Drafting of the diagnostics of the state of play of CE in Albania, outlining key economic features, recent CE and environmental trends, ongoing initiatives and projects, critical sectors and horizontal policy areas for addressing the barriers to CE.
- *Prioritisation* – Meeting and consultations on priority areas to be included in the roadmap, based on the diagnostics conducted (3-5 areas to be chosen out of the 10 proposed among construction, textiles, mining, tourism, biomass and food, plastics with a focus on marine litter, municipal waste, economic instruments, circular business models for small and medium-sized enterprises, and awareness raising and education) and drafting policy recommendations for the selected areas.

The roadmap, published in March 2024, includes three priority areas:

1. *Economic instruments*, which make it possible to achieve circular economy goals at a reduced economic cost while simultaneously encouraging innovation. They can induce behavioural changes in private actors such as firms and individuals through price signals, while offering cost-saving flexibility. Changes are incentivised throughout the life cycle, targeting product design and production upstream, stimulating circular consumption patterns, and encouraging reuse and recycling downstream.
2. *Circular business models for SMEs*, which represent ways of producing and consuming goods and services fundamentally different from 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.
3. *Plastics with focus on marine litter*, which serve as a vital material input for various sectors in the Albanian economy. However, a significant portion ends up in landfills, threatening the Mediterranean Sea. In line with recent legislative changes banning certain categories of single-use plastic bags in Albania, circular approaches will be necessary to close the plastics loop. This will be particularly relevant considering plastics’ usage in the growing tourism sector.

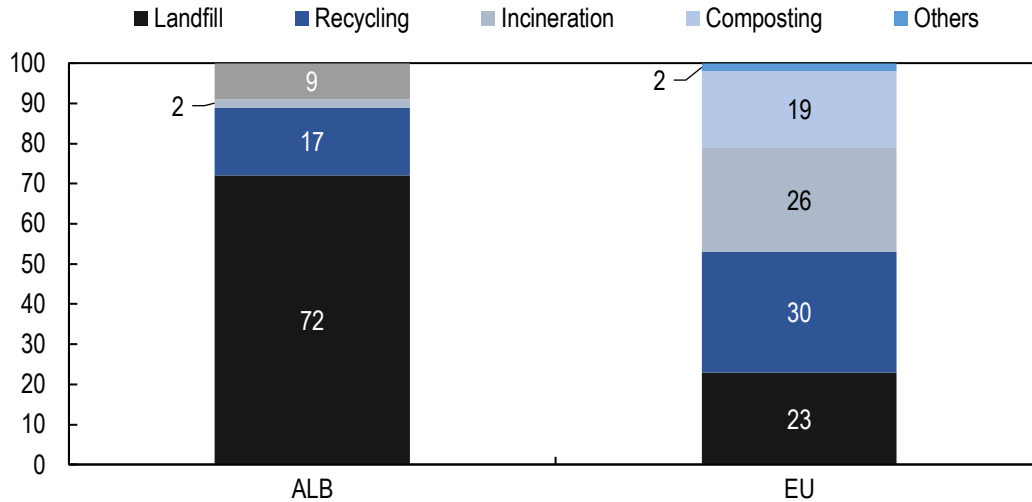
Municipal waste management, awareness raising and tourism are also tackled horizontally. All priority areas include around 12 recommendations organised as short, medium and long-term, and relevant good practice examples, and are accompanied by monitoring indicators.

Source: OECD (2024<sup>[5]</sup>).

**Waste management** remains a challenge in Albania, with the majority of municipal waste being disposed of in landfills (Figure 14.1). While the coverage of the population served by waste collection services increased in the past decade, reaching 90% in 2022, waste separation at source remains almost nonexistent despite a legal obligation to do so<sup>8</sup> and only around 17% of generated waste was recycled in 2021 (INSTAT, 2022<sup>[6]</sup>).

**Figure 14.1. Municipal waste treatment in Albania and the EU (2021)**

In percentage of generated waste



Note: The figures differ from a total of 100% because not all generated waste is accounted for or treated.  
Sources: INSTAT (2022<sup>[6]</sup>); Eurostat (2021<sup>[7]</sup>).

The two main strategic documents covering waste management (the National Waste Management Plan (2020-35) and the National Sectorial Plan for Solid Waste Management (2019-35) include well-defined objectives with specific targets for different waste streams, set over the short, medium and long term. A number of measures are being implemented with respect to these strategies, including revision of the legislative framework through acts aligning with 1) the European List of Wastes into Albanian legislation and 2) the extended producer responsibility obligations.<sup>9</sup> The Waste Management Law was also amended in 2022, after a two-year delay, to ban the use of certain categories of plastic bags,<sup>10</sup> and a task force was established to enforce it. Moreover, the NEA is implementing a nationwide campaign to raise awareness of the general public and to educate local institutions about waste management services.<sup>11</sup> Waste management infrastructure is being improved by constructing new recycling and incineration plants and establishing composting facilities in several municipalities. Nevertheless, recent investments in waste incineration plants should not come at the expense of Albania's recycling industry and should not divert the economy from aligning with the EU *acquis* waste hierarchy principle, recycling targets and a circular model (European Commission, 2023<sup>[4]</sup>).

While waste reporting methodology has been improved in 2021<sup>12</sup> and a donor-funded weighting exercise was conducted in all 61 municipalities between 2020 and 2022, waste data are still not considered of high quality due to the absence of precise statistics for waste generation. Data and reports are based on estimations by the municipalities and recycling companies, except for the few municipalities that take their waste to a sanitary landfill or incinerator equipped with weighing equipment.

### **Sub-dimension 13.3: Protection of ecosystems**

Albania is one of Europe's most water-rich economies, with freshwater resources amounting to 9 479 m<sup>3</sup> per capita in 2020, three times higher than the EU average (3 037 m<sup>3</sup>) (World Bank, 2023<sup>[8]</sup>). Major water demand comes from agriculture – mainly irrigation, for which water remains inefficiently used (see Agriculture policy chapter) (70%) and households (28%). Freshwater also represents a major electricity generation source for Albania, as almost all of its production is derived from hydropower, making it highly vulnerable to the changing climate and important annual fluctuations. **Freshwater management** in Albania

is covered by the National Strategy for Integrated Water Resources Management (NSIWRM) (2018–27) and co-ordinated by the Agency of Water Resources Management. The first implementation phase of the strategy was executed through a three-year Action Plan (2019-22) while the subsequent phase was being developed at the time of writing. Albania further strengthened its legal framework on water through preparation of the Law on Water Resources and the Law on Marine Strategy, planned to be adopted mid-2024. The former aims at the long-term protection of water resources with special attention to reducing groundwater pollution, while the latter seeks to protect and preserve marine environments, including through the restoration of degraded maritime ecosystems.

Advancements in river basin management were also noted, with three new River Basin Management Plans approved in 2023 (Ishem, Ezren and Mati), directed at safeguarding and conserving water resources and related ecosystems at the local level. A Flood Risk Management Plan for the Drini Transboundary River Basin was further endorsed in 2023, including maps for three at-risk areas. A corresponding implementation plan is expected to be approved by Montenegrin authorities in 2024. In addition, Albanian authorities put a stronger emphasis on freshwater preservation, by conducting several awareness-raising and capacity-building activities as envisaged in the NSIWRM Action Plan.<sup>13</sup> There is no systematic collection or compilation of water quality and quantity data from different institutions in the National Water Cadastre, hindering informed policy decisions about competitive use of water and tradeoffs across sectors, in particular in light of expected climate change impacts. Yearly monitoring to identify contaminants of emerging concerns take place but the government reports that the lack of human and financial resources impedes proper implementation in this regard.

Albania's **biodiversity and forest management** framework is progressively aligning with international good practices (including the Global Biodiversity Framework) and relevant considerations are incrementally integrated into sectoral policies (such as climate change, agriculture and development strategies). Recently adopted regulations reviewing the system of protected areas led to the declaration of several protected areas, including national and natural parks, mountain ecosystems, and habitats of endemic plants.<sup>14</sup> The surface of terrestrial protected areas has increased since the last assessment, covering 21.4% of the national territory in 2022, with a total of 769 protected areas. Even though Albania has achieved the Aichi Target of 17% for protected terrestrial areas by 2020, it has fallen short of the 10% target for marine areas. As of 2022, only 2.95% of Albania's territorial waters were designated as protected areas. While collaborative efforts between the MTE and the Patagonia Association are under way to designate additional protected areas and the EU4Nature Programme supports Albania in protecting biodiversity in protected areas, it is crucial for responsible institutions to ensure the capacity needed for proper management and monitoring, without relying entirely on external financial and technical support. Moreover, while the draft amendments to the Law on Protected Areas, approved in 2024, allow for enhanced economic development in the protected areas, they raise concerns that new developments come at the expense of nature and ecosystem preservation. The decision to build the Vlora Airport has raised concerns about its potential negative impact on the ecosystem, particularly in the Vjosa-Narta Protected Area, which is recognised for its significance as a habitat for numerous rare animal and plant species.<sup>15</sup>

The revision of the Biodiversity Strategy, which expired in 2020, is planned to begin for the period until 2030 with the support of the UN Environment Programme, based on the post-2020 Global Biodiversity Framework. Objectives will include the full alignment of the EU *acquis* on nature and biodiversity; increasing the surface of protected areas to 30%; establishing the ecological network "NATURA 2000"; and aligning ecosystem protection with climate change mitigation and adaptation goals. Moreover, biodiversity data have been consolidated in the assessment period within the Environmental Information Management and Monitoring System, developed with the support of international partners<sup>16</sup> in line with global reporting standards. Indicators on biodiversity within the system focus on climate change and land degradation.

According to the National Forest Inventory, forests cover 46% of total land in Albania in 2022, a higher share than the EU average's 39.9% (World Bank, 2023<sup>[9]</sup>). This share has seen a slight increase in recent years due to afforestation initiatives. The policy framework on forestry management is well developed through the Forest Policy Document (2019-30) and several regulations were adopted to ensure its implementation, particularly in the areas of virgin forest preservation, illegal logging and forest fire prevention.<sup>17</sup> Furthermore, activities aimed at raising awareness and building capacity for the protection of forests have been carried out. Nevertheless, recent wildfires in pristine forest areas – a large portion of which protect sandy beaches from erosion – underscore the importance of implementing further prevention measures and increasing investments in firefighters' capacities. Moreover, the regulatory framework for establishing a National Forest Fund was adopted, leading to its operationalisation in 2022. The Fund acts as a forest inventory with relevant data and reports from forests administrators and owners, while the Forest Information System (ALFIS), in place since 2021, serves data registry purposes at the local, regional and national level, thereby strengthening institutional capacities for inventory and planning.

Limited efforts have been undertaken to develop a comprehensive **land use management** policy framework. The main strategic documents covering land use include the National Land Consolidation Strategy (2016-28) and the General National Spatial Plan (2015-30), for which an in-depth analysis of the territory was conducted. Nevertheless, there is no evidence of policy implementation and no programmes have been conducted to combat soil erosion, restore degraded land, or limit illegal constructions and urban sprawl into green areas.

Main developments relate to the inclusion of natural disaster considerations in the construction sector through the amendments of the Territory Development Regulation (2022) and the integration of land-based mitigation measures in Albania's revised NDC. Moreover, the framework covering agricultural lands was strengthened. Local communities' interests will be receiving enhanced consideration in agriculture land management (in line with the European LEADER approach<sup>18</sup>) with the adoption of the Law on Organisation and Functioning of Local Action Groups (2022). Moreover, sustainable management of agricultural lands is foreseen in the Agriculture, Rural Development and Fisheries Strategy (2021-27), notably through afforestation measures aimed at combating land degradation and erosion. Data on land use and land-cover,<sup>19</sup> which were standardised according to EU standards in 2020, are available on the State Authority for Geospatial Information portal. However, land use data are not harmonised between government bodies like property tax and forest management, impeding efficient inter-institutional policy making.

### ***Sub-dimension 13.4: Depollution***

**Air quality** has shown consistent improvement over the past two decades in Albania, with annual average concentrations of particulate matter (PM<sub>2.5</sub>) reaching 16.5 microgrammes per cubic metre (µg/m<sup>3</sup>) in 2020, the lowest in the Western Balkans (EEA, 2023<sup>[10]</sup>). Nevertheless, it is still more than three times higher than WHO-recommended levels of 5 µg/m<sup>3</sup>, mainly due to the highly polluting transport sector, emitting nearly half of total CO<sub>2</sub> emissions (45% in 2020) (IRENA, 2022<sup>[11]</sup>). While the policy framework on air quality is well developed, with the National Plan on Air Quality Management (2019-26) and the National Strategy on Ambient Air Quality (2014-24), implementation reports are not regularly developed, and a functional monitoring system of the National Plan on Air Quality Management is lacking (European Commission, 2023<sup>[12]</sup>). Some activities have nevertheless been undertaken, such as expanding capacities through training of responsible institutions and increasing citizens' awareness of improving air quality and using sustainable transport alternatives. For instance, since 2022 the first Sunday of each month has been established as a "Car-Free Day" in all Albanian cities. Moreover, a new regulation has entered into force in December 2021 on fuel consumption information and CO<sub>2</sub> emissions of new passenger cars, allowing consumers to make an informed choice when buying a car. Some planned activities have nevertheless been delayed, such as the development of local air quality plans in most municipalities. This is despite enhanced co-ordination between the MTE and local government units to facilitate the preparation of these plans.<sup>20</sup> In the upcoming period, there are plans to facilitate implementation and enhance institutional co-



ordination through establishment of a National Commission for Clean Air. Regarding air quality monitoring, necessary equipment of all monitoring stations has been repaired since December 2022, allowing the operationalisation of all seven fixed and one mobile station, after they had been inactive for various periods due to lack of funding. Monitoring stations do not cover the whole territory of Albania and monitoring of air pollutants remains to be fully aligned with EU standards (European Commission, 2023<sup>[12]</sup>).

The **water supply and sanitation system** remains a challenge in Albania, with only 71% of the population having access to safe drinking water and 19% connected to wastewater treatment in 2022 (UN Water, 2023<sup>[13]</sup>). While a substantial increase in budget resources and implementation capacity of key water agencies are required for further alignment with the urban wastewater treatment directive (European Commission, 2023<sup>[4]</sup>), Albania has developed a strong regulatory framework for water services delivery and introduced changes in institutional arrangements to improve service delivery. The process of reorganising the water supply and sewerage services started in 2022, following the adoption of relevant regulations aiming to establish joint regional water service companies (from 58 water utilities to 15 regional water utilities) and review water tariffs. Current water tariffs do not cover operating costs and needed infrastructure (based on a 2022 analysis only four water utilities managed to cover operating costs). Further reforms of the water sector are ongoing thanks to donors' substantial financial and technical support, in particular to reduce water losses, improve service delivery and modernise infrastructure. As part of the "Water Negotiations and Investment Planning Support" project, implemented by the Swedish International Development Cooperation Agency (Sida), Albania is being supported in reducing non-revenue water from 65% to 25% by 2050 and improving water supply service continuity.

Moreover, investments in wastewater treatment infrastructure are ongoing (amounting to EUR 570 million, 51% financed by donors' funds). Additional measures are planned as part of the Water and Sewerage Service Sector Strategy (2023-30). These will include improving the quality of water services (coverage, collection, disposal and infrastructure); the sector's financial viability (water tariffs in line with the new regulation, increasing billing and collection of fees, balance between state budget and donors' fund for infrastructure projects); and the capacities of relevant authorities and service companies. Inter-institutional co-ordination was strengthened with the establishment of a working group comprised of all relevant stakeholders during the drafting of the strategy, co-ordinated by the Deputy Minister of Infrastructure and Energy. Nevertheless, weak co-operation among monitoring institutions has been reported by the government (especially between national and local levels), and hence impeding effective responses in emergency situations.

Albeit still at an early stage, the legislative framework addressing **industrial risk management** is further aligned with EU requirements, notably the Regulation on the registration, evaluation, authorisation and restriction of chemicals (REACH) (European Chemicals Agency, 2024<sup>[14]</sup>). Advancement in this field is evidenced by the recently adopted regulations on the List of Candidate Substances of Very High Concern and on Persistent Organic Pollutants. Based on these regulations, the first draft of the Chemicals Management Plan has been developed, with approval anticipated in 2024. Co-ordination between 21 relevant institutions is ensured through the working group on chemicals, established in 2021. Preliminary steps have been taken to establish a chemical register, with the support of Sida. Moreover, as part of an international project aiming at reducing pollution from harmful chemicals and waste in the Mediterranean (2020-25),<sup>21</sup> an agreement was signed with the NEA for the inventory and prioritisation of chemicals and the preparation of a National Transboundary Diagnostic Analysis report. Regarding the control of major-accident hazards, relevant directives (such as SEVESO III<sup>22</sup>) have not been transposed and there is no system for prior regulations or specific authorisation for storage and handling of substances endangering waters. A policy basis for soil protection does not exist, although some measures are planned with international co-operation partners to manage the 23 contaminated sites presenting a potential risk to humans, water and ecosystems.

## Overview of implementation of Competitiveness Outlook 2021 recommendations

Albania's progress on implementing past CO Recommendations has been mixed: in some areas, such as developing adequate capacities to adapt to climate change hazards and directing more investment into wastewater treatment, the economy has made moderate advances since CO 2021. Conversely, only limited progress has been noted in developing a land use policy framework. Table 14.2 shows the economy's progress on implementing past recommendations for environment policy.

**Table 14.2. Albania's progress on past recommendations for environment policy**

Competitiveness Outlook 2021 recommendations	Progress status	Level of progress
Develop adequate capacities to forecast, monitor, warn and inform the population of the risks from multiple hazards and ensure suitable and timely responses to hazardous events	A National Disaster Risk Assessment was developed, covering climate change-related disasters as well as geophysical hazards at the national level. Moreover, the new National Strategy for Disaster Risk Reduction and Action Plan (2023-30) outlines specific measures, including the establishment of early warning systems, strengthening of emergency response and recovery systems, prevention and response to disasters, improving building standards and land use planning. Implementation of these documents will be essential to manage, cope with and reduce disaster risks.	Moderate
Develop a comprehensive land use policy framework to ensure effective land use planning, preserve land, and foster resilience to natural hazards, such as earthquakes	Albania still lacks an all-inclusive land use policy framework to provide a clear direction in this area. Nevertheless, some positive developments can be noted with regard to agricultural land planning.	Limited
Direct more investment into improving wastewater systems and treating more wastewater	The share of the population connected to wastewater treatment plants has slightly increased but remains low at 19%. Nevertheless, the legislative and policy frameworks covering wastewater systems have been improved. Reorganising water services is ongoing and should increase water tariffs, which currently do not cover operating and infrastructure maintenance costs. Investments in water supply and wastewater treatment infrastructure, mainly funded by donors, are ongoing.	Moderate

### The way forward for environment policy

While Albania has strengthened its regulatory and policy frameworks in almost all assessed indicators, there are several areas in which implementation could be further improved. Some of the priorities are as follows:

- Improve the quality of waste data.** While Albania's waste management regulatory and policy frameworks have been strengthened to increase recycling levels and reduce landfill disposal, proper implementation is hindered by low-quality waste data. Statistics for waste generation are not precise as data and reports are based on estimations by the municipalities and recycling companies. Several activities to enhance the recovery of materials through selective collection and investments to improve waste management infrastructure are under way, though a common approach has yet to be taken to collect and monitor relevant data. Albania needs to consolidate internal waste data and improve data sharing between all stakeholders. Particular attention needs to be paid to amounts of specific waste streams and related recovery and recycling efforts as well as hazardous and non-hazardous industrial waste. The current reporting methodology should also be reviewed to improve waste management operations in the future (such as information on definitions and surveying methods, breaks in time series, waste collection methods, waste prevention measures) (OECD, 2018<sub>[15]</sub>). In this regard, the city of Antwerp in Belgium can offer a good practice example of how to improve waste data collection and monitoring through a waste dashboard (Box 14.2).

## Box 14.2. Managing waste data through the Waste Management Data Warehouse of the City of Antwerp, Belgium

### The practice

Before 2016, the Waste Department of the City of Antwerp collected data in an old-fashioned way (handwritten notes, insufficient use of Excel, PDF, etc.), and standardised guidelines on how to collect data did not exist. The department was working with large numbers of datasets coming from a wide range of stakeholders, with no linked data or crossovers.

Fragmented internal data, limited access to waste data and limited data sharing between systems triggered the department's introduction of a data warehouse. The objectives were to increase insight in waste management practices, to eventually drive and support policy decisions, and to disclose waste management data to different stakeholders as automatically as possible to increase transparency.

To achieve these objectives, the Waste Department collected all types of data (real-time e.g. sensor data, static, historical, geographical e.g. track and trace) and involved all relevant stakeholders (local policy makers, local administration, waste-processing companies, citizens and researchers). New technologies, including a Geographical Information System (GIS), were used to optimise systems and improve the visualisation and analysis of data.

### Resources needed

Approximately EUR 100 000 was spent to consult expert analysts and for software licences (which consist of a business intelligence tool and a dashboard creator). A dedicated team of six data experts were involved to develop the dashboard.

### Results

Waste data from different sources are uploaded in an automated way on the data warehouse. The warehouse delivers added value to Antwerp's various stakeholders: increased transparency, time efficiency, cost efficiency, a reliable source for researchers, and synergies among different programmes. Policy makers are now able to use this data to allocate costs more accurately and introduce more targeted policy instruments towards sustainable waste management.

Source: INTERREG Europe (2021<sup>[16]</sup>).

- Ensure proper management of protected areas and increase the share of marine protected areas.** The surface of protected areas has increased in the past decade and this trend is expected to continue in light of recent regulations adopted and activities undertaken. Responsible institutions, particularly the National Agency for Protected Areas, need to ensure appropriate human and financial capacities for proper protection and monitoring of these areas. As more areas become protected, the government might want to introduce "conservation covenants" as an additional protection mechanism, a common practice in New Zealand. Under a covenant, landowners enter into legally binding contracts with the government to protect natural features or areas of natural habitat on their land (OECD, 2020<sup>[17]</sup>); (QEII National Trust, 2023<sup>[18]</sup>).

While Albania has almost 500 km of coastline and an increasingly important tourism sector, marine protected areas only amount to 2.95% of its territorial waters. Increasing the share of marine protected areas along with sustainable tourism activities on its coastline will be key to further protect its marine ecosystems while reducing pressures from activities such as overfishing and pollution, in particular plastic.

- **Develop an all-inclusive land use policy framework and strengthen institutional co-ordination between different ministries responsible for land use issues** related to climate, biodiversity and agriculture, both horizontally (at national level) and vertically (between different levels of government), to achieve a more holistic governance of land use. The land use nexus involves multiple issues and affects multiple actors from both the public and private sectors and requires a whole-of-government approach to co-ordinate policies across all relevant stakeholders, which Albania currently lacks. One good practice example that provides such co-ordination is the Austrian Conference on Spatial Planning (Box 14.3).

### Box 14.3. Enhancing land use co-ordination with the Austrian Conference on Spatial Planning

The Austrian Conference on Spatial Planning (ÖROK, Österreichische Raumordnungskonferenz) is an organisation dedicated to co-ordinating spatial planning policies among the three levels of government in Austria (the national level, the states and the municipalities). Its decision-making body is chaired by the Federal Chancellor and its members include all federal ministers, the heads of all federated states and representatives of associations of local governments. Furthermore, business and labour organisations are represented on the body as consulting members. The work of the decision-making body is supported by a permanent secretariat with a staff of approximately 25-30.

One of the central tasks of the ÖROK is the preparation of the Austrian Spatial Development Concept (ÖREK, Österreichisches Raumentwicklungskonzept). The current Austrian Spatial Development Concept (“ÖREK 2030”) was published in 2021 and covers a planning period of around ten years. Guided by the key theme of “Need for Transformation”, it is a strategic instrument for overall spatial development in Austria. Beyond preparing the Spatial Development Concept, the ÖROK also monitors spatial development across Austria. It has developed an online tool that provides a mapping function for a variety of important indicators at the municipal and regional level, and releases a report on the state of spatial development every three years.

The ÖROK is also the co-ordinating body for structural funds provided by the European Union. It manages integrating structural funds into broader spatial strategies and was directly responsible for the programming work related to one of the eleven Thematic Objectives of the programming period 2014-20. The ÖROK also serves as National Contact Point within the framework of European Territorial Cooperation.

Sources: OECD (2017<sup>[19]</sup>; 2024<sup>[20]</sup>).

- **Support municipalities in developing local air quality plans, tailored to specific local circumstances.** While implementation of air quality strategies is ongoing in Albania, some measures, including the development of local air quality plans, have been delayed. As sources of air pollution and the severity of exposure vary across the territory, particularly between urban and rural areas, spatially heterogeneous policies can support environmental objectives at lower costs than measures applied uniformly. Urban municipalities in Albania could follow the example of the city of Pristina, which adopted its Air Quality Plan in June 2023 for a five-year period. The Plan includes measures and budgets for cleaner vehicles and public transport alternatives, promoting cycling and walking, creating low emissions zones, supplying cleaner heating, and enhancing air quality monitoring (City of Pristina, 2023<sup>[21]</sup>).
- **Support an integrated and co-ordinated approach of water management across sectors.** While Albania is rich in water and has vast natural areas of high ecological value, challenges remain in addressing competitive water uses across sectors, as well as in capturing synergies among them. While the vast majority of water demands come from agriculture, water resources are also

of utmost importance for Albania's electricity production, almost entirely dependent on hydropower. There exist significant opportunities to create greater value for water use across sectors. If environmental protection is ensured for hydro generation investments, hydropower plants can contribute to cleaning rivers with equipped trash racks and cleaning machines, or to improving water management services with water tracking devices for better climate forecast. Moreover, adjusting the operational rules of hydropower plants to allow for increased available volume in reservoirs during the wet season can ease the impact of frequent flooding and still not jeopardise the security of electricity supply (Global Water Partnership - Mediterranean, 2022<sup>[22]</sup>).

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## Notes

<sup>1</sup> Nationally Determined Contributions (NDC) refers to the self-defined climate commitments that countries make under the Paris Agreement. These pledges outline the specific actions each country will take to contribute to the global goal of limiting temperature increase to 1.5°C, adapting to climate impacts and securing the necessary financial support for these endeavours.

<sup>2</sup> Measures related to climate change as part of the National Strategy for Development and European Integration (NSDI) 2022-30 include: 1) the completion of primary and secondary legislation in the field of climate change as well as the integration of climate issues in all affected sectors until 2027; 2) integration of mitigation and adaptation measures in public budgeting until 2025 and national and local strategic documents until 2030; 3) institutional and organisational reform in order to generate and provide public data on climate and its effects in the key sectors of the economy, security and health of the population until 2029; 4) building a national platform for information exchange and services for climate to ensure institutional interaction for the use of these data until 2030; 5) adaptation and implementation of integrated, ecosystem-based adaptation measures (EbA) and/or nature-based solutions at the local and central level by 2027; 6) piloting and replication of innovative measures in sectors related to mitigation of and adaptation to climate effects (such as integrated waste management, mobility, agriculture, forestry, urban planning, infrastructure, energy, etc.) until 2026.

<sup>3</sup> Capacity-building activities on climate change are organised through the “Supporting Albanian Negotiations in Environment, Chapter 27” (SANE27) project implemented by the Swedish Environmental Protection Agency and the regional project “Transition towards low emissions and climate-resilient economy in the Western Balkans and Türkiye” (2020-23).

<sup>4</sup> Annex I countries in the context of the UNFCCC are often referred to as developed or industrialised nations whereas Non-Annex I countries include a diverse group of nations, primarily developing countries, with varying levels of industrialisation and economic development. These countries are not bound by the same mandatory emission reduction targets as Annex I countries. Instead, they are encouraged to take voluntary actions to address climate change and may receive support, including financial assistance and technology transfer, from Annex I countries.

<sup>5</sup> Regional workshops organised under the EU-funded Tratalow Project (Transition towards low emissions and climate-resilient economy in the Western Balkans and Türkiye) aimed to enhance capacities and inform institutions about the development and implementation of legislation for emissions trading systems (ETS) and carbon pricing.

<sup>6</sup> The Agriculture, Rural Development and Fisheries Strategy (2021-27), the National Strategy on Integrated Water Resources Management (2018-27) and the National Strategy for Development and Integration, under preparation.

<sup>7</sup> The project is financed as part of the EU’s Instrument for Pre-Accession Assistance III in the amount of EUR 30.9 million. Three components of the projects are implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ, German Development Cooperation), French Development Agency (AFD) and Environment Agency Austria (UBA).

<sup>8</sup> The 2014 regulation on the separate collection of municipal waste at source states that local authorities must organise waste using a three-bin system.

<sup>9</sup> The draft Extended Producer Responsibility (EPR) Law, open to public consultation at the time of writing, targets the collection and recycling of special waste streams like packaging waste, electronic and electrical equipment waste, and waste batteries and accumulators. It encompasses clear rules and obligations for Producer Responsibility Organisations, a defined governance structure, and co-ordinated efforts among institutions to ensure effective implementation. The new law is set to take effect in January 2025, introducing a corresponding product tax. Notably, the draft law envisages that 30% of the income generated from this tax will contribute to a yet to be established Special Fund for Circular Economy.

<sup>10</sup> The amendment law forbids the production, import and sale of single-use plastic bags, including those that are defined as oxo-degradable or oxo-biodegradable. The legislation excludes those with a thickness of at least 70 microns that can hold a minimum of ten kilogrammes.

<sup>11</sup> The ban of single-use plastic items is one of the topics discussed in the campaign, which has been realised in 61 municipalities so far. Municipalities also organise the “Let’s do it” public awareness campaigns promoting responsible environmental behaviour and waste reduction, reuse and recycling.

<sup>12</sup> Waste data collection was improved in part because INSTAT started gathering data through online questionnaires to municipalities in 2020 and a new methodology was developed in 2021 for collecting and processing waste data. This allowed more precise estimations regarding municipal waste generation.

<sup>13</sup> Such projects include “EU Support to Integrated Water Management (EUSIWM)”, supported by both EU and the Austrian Development Agency, and “The Institutional Capacity Building of the Water Resources Management Agency” supported by The Swedish International Development Cooperation Agency.

<sup>14</sup> In line with the Decisions of the Council of Ministers (DCM) adopted in 2022 “On the declaration of natural ecosystems, as Managed Natural Reserves/Natural Park (category IV)”, the proclamation as “Natural Park” (category IV) of the natural ecosystem “Vjosë River Valley” (annex 21) was approved. Pursuant to the DCM adopted in 2022 “On the approval of the change of the status and the surface of the natural ecosystems of the National Park (category II) of the environmental protected areas”, the proclamation of natural ecosystem of Albanian Alps as “National Park” (Category II) was approved. Moreover, the DCM 2022 “On changing the status and area of the natural/wetland ecosystem ‘Pishë Poro – Nartë’ from “Managed Nature Reserve” to “Protected Landscape” and removing the “Protected Area” status of the reduced area was approved.

<sup>15</sup> The area's designation as the first Wild River National Park in Europe underscores its ecological importance, prompting calls from international bodies such as the Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention) to suspend the construction project due to its foreseeable ecological impact (Convention on the Conservation of European Wildlife and Natural Habitats, 2023<sup>[23]</sup>).

<sup>16</sup> “Establishing Albania’s Environmental Information Management and Monitoring System Aligned with the Global Reporting ‘EIMMS Albania’” was a project implemented by the United Nations Development Programme (UNDP) and Global Environment Facility (GEF) in 2020. In addition to developing the system, the project aimed at developing and applying uniform indicators encompassing UNFCCC, the Convention on Biological Diversity (CBD) and United Nations Convention to Combat Desertification (UNCCD) concerns and global environmental threats. Stakeholders’ capacity for information management (collection



processing) of key global environment data and utilisation (interpretation and reporting) was also enhanced at national and local level.

<sup>17</sup> These include DCM to determine the criteria and procedures for the creation of strategic reserves of standing timber (uncut), the preservation and treatment of virgin or almost virgin forests, and their transition to full conservation adopted in 2021; and a DCM adopted in 2022 on the determination of criteria to separate breaches on the forest with light impact or heavy impact and financial sanctions.

<sup>18</sup> LEADER is a local development method that has been used for 30 years in the EU to engage local actors in the design and delivery of strategies, decision making and resource allocation for the development of their rural areas. It is implemented by around 2 800 Local Action Groups, covering more than 60% of the rural population in the EU and bringing together public, private and civil society stakeholders in a particular area.

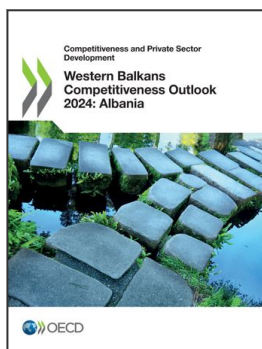
<sup>19</sup> In addition to land use and land-cover, other groups include cadastral parcels, utility and government services, hydrography, agricultural and aquaculture farms, bio-geographic regions, buildings, protected sites and geology, among others.

<sup>20</sup> In 2023, the MTE has strengthened co-ordination and established a specific network of contact points on air quality in local government units in order to support the preparation of local air quality plans.

<sup>21</sup> Global Environment Facility MED Programme 2020-25, “Reducing pollution from harmful chemicals and waste in Mediterranean hot spots and measuring progress to impacts”.

<sup>22</sup> Directive 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances.





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