

# **A new path for the sustainable development: a green economy for Albania**

Tirana, 10 June 2012

## **Table of Contents**

Strategies for an economically viable development .....	13
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## Author notes

The report was elaborated to support the national preparation process of the government of Albania to better engage in the outcomes of the United National Conference on Sustainable Development, known colloquially as RIO+20. The preparation of this report and facilitation of multi-stakeholder processes and consultations was supported by and UN Department of Economic and Social Affairs – UNDESA and UNDP.

The steps toward this synthesis report were i) the elaboration of the Stock Taking report based on the desk review and consultation/interviews with various stakeholders of various groups ii) presentation of the findings and broader consultations with various stakeholders at the National Workshop “Albania towards United Nations Conference on Sustainable Development, RIO +20” iii) elaboration of the final report for Albania to Rio+20 Conference.

During the stocktaking report the legislative framework and strategic documents approved by the Albanian Government and/or Parliament have been analysed in the context of sustainable development. Twenty six (26) stakeholders have been consulted (see Annex I), and have given a precious contribution with their ideas, opinions, and prospects. The diversity of opinions of the consulted stakeholders has been reflected in the Report.

The National Workshop “Albania towards United Nations Conference on Sustainable Development, RIO+20” has resulted fruitful, gathering together seventy five (75) participants from various institutions government and non government, civil society, academia, media etc. All the comments and observations addressed in the workshop are reflected in this final report.

I would like to acknowledge the many stakeholders who participated in the stocktaking and national consultation process. Their contributions are an integral part of this stocktaking report and an important source of information.



## **General considerations on Sustainable Development in Albania**

Twenty years after the landmark Rio Earth Summit, Albania has experienced notable economic growth and reduction in poverty. Access to education, healthcare and water has also seen improvements and there has been a major increase in the participation of civil society in policy-making, not least thanks to improved internet communication. Despite positive developments however, considerable implementation gaps and challenges remain.

Many environmental challenges remain unsolved and have become more acute. Greenhouse gas emissions continue to rise, especially in the urban areas, fuelled by intensive construction and growing demand for private mobility. Furthermore, climate variability and change can further compound and add to existing environmental problems in Albania.

The contamination of water resources and the marine environment is serious, especially close to cities and industrial sites, due to insufficient wastewater collection and treatment, leaking sewers and waste dumps. Such contamination poses increasingly serious problems.

Soil erosion and the contamination of land pose major concerns. The former caused mainly by unsustainable forestry, agricultural and pastoral practices, and the latter mainly by abandoned industrial installations, mining enterprises and waste dumps. The waste management situation in Albania is at a very low level and has become a major source of pollution. Many of these environmental problems are not stand-alone issues, but are mutually related and inter-dependent. Over the past decades, sustainable development has been promoted by a number of adopted policy documents. The Environmental Cross-cutting Strategy has, for example, identified main objectives required to reach the final goal of having a healthy ecological environment through the development of sustainable use of natural resources, the prevention of environmental contamination and degradation and the promotion of environmental protection in Albania. Since the Rio Conference, progress towards achieving sustainability has been assessed in various ways, and different rankings for the sustainability situation in Albania are available.

Data published by the Global Footprint Network in 2010 placed Albania 74th in the descending list of 154 countries ranked by their ecological footprint. Albania's ecological footprint in 2010 was 1,91 global hectares per person (gha/pers), while the world-average was 2.7 gha/pers (18.0 billion in total).

From a global perspective, this makes Albania an “ecological debtor country” as it is 0, 11 gha/pers above the world-average biocapacity of 1.8 gha/person (12 billion in total). At the national level, Albania’s ecological deficit is however much larger since the country’s biocapacity is calculated to be of 0,87 gha/person.

According to the 2011 Human Development Index Ranking, which takes into account the 3 dimensions of long and healthy life, knowledge, and decent standard of living, Albania has a medium high HDI of 0,739 and ranks 70th out of 187 countries.

According to another important international environmental accounting index, the Environmental Performance Index (EPI), which “ranks countries on performance indicators tracked across policy categories that cover both environmental public health and ecosystem vitality, and which provide a gauge at the national government scale of how close countries are to established environmental policy goals”<sup>1</sup>, Albania ranks 15th among 132 countries, with points 65,85/100. The 2012 EPI ranking places Albania in the category of “strong performers”. The most important evaluation is that of the Trend EPI, which is the trend rank based on the performance over the last decade. According to the Trend EPI, Albania has improved by 16 points over the last decade, ranking 4th among the “strongest performers” of the world. The EPI2 has been launched as a complement to the Millennium Development Goals (MDGs) and a counterpart to gross domestic product (GDP), which for too long had been the sole measure of wellbeing.

These rankings show that while progress has been made, many challenges still exist, in particular to make growth more sustainable. Today, 20 years after the 1992’s Rio Conference, there is “a growing recognition that achieving sustainability rests almost entirely on getting the economy right”.

Albania considers the working towards a “green economy” as fundamental. First, it is clear that the green economy does not replace sustainable

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<sup>1</sup> <http://www.epi.yale.edu/>

<sup>2</sup> <http://envirocenter.yale.edu/programs/environmental-performance-management/environmental-performance-index>

development, but should be considered as a new path to progress toward it, being instrumental for the reduction of environmental risks and ecological scarcities, as well as to the improvement of human well being and social equity.

In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments which reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services. Along the same line, it should also be clear that, in the medium to long run, an effective green economy strategy will be a powerful drive for delivering growth, increasing employment and eradicating poverty. Transitional difficulties must be adequately addressed, but should not be seen as an obstacle to fundamental changes. UNEP have provided a set of important concepts which may guide the transition to a green economy.

Albania has experienced a high rate of economical growth over the last 20 years, and is generally considered to be a medium–high human development country still expected to grow rapidly. It is the general opinion of the stakeholders interviewed that this economic growth is unlikely to be achieved through the preservation of the economic models of the last century. Moving towards a fairer, equitable and responsible economy has the potential to achieve sustainable development at a new scale and speed.

The full involvement of the private sector is of fundamental importance in this process. The structural changes and scale of financing required for the transition to a green economy cannot be achieved without the participation and active contribution of the business community and individuals. This involves the establishment of the right regulatory framework, creating strong incentives for markets and innovation, leveraging financial resources, and promoting entrepreneurship and greater public private partnership. It also involves the adoption of efficient financing mechanisms to enable and support environment–related investments in the country. There is global consensus on the fact that the transition to this form of green economy requires significant up–front investment in renewable energy production, energy efficiency, efficient use of natural resources and innovative technologies. Here too, we do not need to start from scratch, as there are already promising signs of increasing private investments in green technologies.

In order to ensure Albania aims at this path towards a green economy, it is the task of Government to define regulatory frameworks that support private sector commitments to green investments, and provide a good basis for development that aims to be economically viable, socially acceptable and environmentally rational. Progress since 1992 has been visible and significant, but much more remains to be done. The analysis of Albania's progress after the Conference of Rio de Janeiro (1992) can be seen from two angles:

1. The institutional framework for sustainable development in Albania
2. The progress toward a "green economy" in the context of sustainable development and poverty eradication

## **The institutional framework for sustainable development in Albania**

The concept of sustainable development is included in the Constitution of the Republic of Albania, which has a specific article on the subject. The article states that "the State ...aims d) a healthy environment and ecologically sustainable environment for the today and future generations, h) a rational use of the forests, waters, pastures, and of the other natural resources on the base of the sustainable development" (Albanian Constitution, Chapter V, Article 59).

## **Laws integrating principles of Sustainable Development**

Albania has adopted a good Legislative Corpus on Environment and Sustainable Development. As integration into the European Union is the main strategic and political objective of the country, national legislation has been developed in line with the *acquis communautaire*. This framework is very important to ensure that new laws in Albania are compatible with the principles of sustainable development.

All the new laws approved in Albania, especially the last years, are the result of the direct transposition of the respective EU Directives. The main Albanian laws in the field of environment are as follows:

- The first national Environmental Law "Law on Environmental Protection" was approved right after 1992 Rio Conference. For almost 10 years, this was the only law on environment until a new "Law on Environmental Protection" was

approved in 2002. The main EU Environmental Directives were fully transposed by the new “Law on Environmental Protection” in 2011.

- An important law on the Environment Impact Assessment (EIA) was approved in 2003. The law filled serious gaps in the field of the environmental permits, which had previously experienced significant problems. The “Law on EIA” has been very important for regulating the role of all the stakeholders on this field. A new “Law on EIA” was approved in 2011, partially transposing the EU Directives in this field. A very important law – the “Law on SEA” – is currently undergoing public consultations and is expected to be approved during 2012.
- The Albanian “Law on Protected Areas” was approved in 2003. It regulates the process of the protection of the already existing Protected Areas, and of defining new ones. The objective of Albania, in line with that of the EU, is to have 20% of its territory as Protected Areas. Several NGOs in Albania are however pessimistic about the capacities of the Albanian Institutions to implement the Law on Protected Areas, given the problematic situation in some areas of several National Natural Parks.
- A new “Law on Biodiversity Conservation” was approved in 2006. The Law on Biodiversity Protection established the legal basis for the conservation and sustainable use of biodiversity and for achieving targets, of the Convention on Biological Diversity. The law is based on the objectives of the Convention on Biological Diversity and other biodiversity-related conventions to which Albania is a Party, as well on related EU directives (e.g. Habitat and Wild Bird Directive). The law identifies the instruments for biodiversity planning (Biodiversity Strategy and Action Plan, biodiversity inventorying and monitoring network, emergency plans and transboundary impact assessments), as well as three protection categories: protected, specially protected and degraded ecosystems, habitats and landscapes.
- The new “Law on Environmental Permitting” was approved in 2011. This Law aims at “the prevention and control of pollution arising from certain categories of activities in order to achieve a high level of protection for the environment as a whole and for human health and for improving the quality of life”. This Law establishes “measures for permitting the operation of certain groups of polluting activities, measures designed to prevent or, where that is not practicable, to reduce emissions to the air, water and land from

such activities, including measures concerning waste, in the Republic of Albania.”.

- The new “Law on Integrated Waste Management” of 2011 transposes the Framework Directive of EU for the Wastes. The purpose of this law is “to protect human health and the environment by preventing or reducing the negative impacts from waste generation and from the management of waste and by reducing the overall impacts of the use of resources and by improving the efficiency of such use, and to ensure the environmentally sound management of waste”. Some NGOs contest the article of the Law that allows the importation of the “waste originated materials” according to the so-called “Green List Waste”. The “Green List Waste” is considered to be every non-hazardous waste which can be imported under a lower level of control to EU/OECD countries and some non-OECD countries for recycling.
- In 2006 a new “Law on Concessions” was approved, focused mostly on Renewable Energy concessions (small hydro power wind energy, etc). It aims also at facilitating the development of the Renewable Energies especially by involving private initiative.
- In 2009 a new “Law on Land Use Planning” was approved. It aims at ensuring the rational and sustainable use of land and natural resources.

## **Development of the environmental Institutions**

- The first environmental institution was created in Albania in 1993 under the name of the Committee for Environment Protection. The institution had an advisory status for the Government. In 2001, the new Ministry of Environment was created. Four years later in 2005, the Ministry of the Environment also integrated the Forestry and the Water Administration. The mission of the Ministry of Environment, Forests and Water Administration (MoEFWA) is to draft and propose policies, strategies and action plans for the protection and administration of the environment, forests, waters and fisheries in order to achieve sustainable development, and to improve the quality of life and enable the country to join the European Union. The accomplishment of this mission is carried out through participation, initiation and coordination of the activities that lead to long-term developments and well being by protecting nature and raising public awareness. The MoEFWA’s main tasks include the

implementation of relevant national policies, the definition of the priority environmental and forestry investments, the development of national research programs in the environmental field, and the coordination of environmental protection-related activities of other ministries and local authorities. The MoEFWA may propose measures for the protection and preservation of the environment, forestry and water resources and is responsible for the implementation of water policy and forestry policy. The main problem faced by the MoEFWA is the nonsufficient quantity of investments in priority sectors, and the segmentation of the interventions; as is, for example, the case of investments in building of landfills, which is responsibility of the Ministry of Public Works and Transportation.

- In 2002 the Regional Environmental Agencies (REAs) were created. These are executive territorial agencies of the MoEFWA with the competence of giving environmental permits, environmental inspection and monitoring.
- In 2006 the new Agency of Environment and Forests was created, with the main duty to monitor the environmental situation of the country and to develop new policies to protect and improve it. In 2011, with the New “Law on Environmental Protection”, this Agency was transformed into the National Environmental Agency (NEA). The new NEA also includes the REAs, and has much more executive enforced competences.
- In 1992 a National Committee of Energy was created, with the role to advise the Government on energy related matters. In 1998 it was transformed into the National Agency for the Energy, and in 2006 it passed under the newly created National Agency for the Natural Resources with the purpose of having an all inclusive prospective on the management of the natural resources. Its mission is the development and supervision of the rational exploitation of natural resources based on the Government’s policies, and the monitoring of their post-exploitation in the sectors of mining, hydrocarbons and hydropower. The National Agency for Natural Resources has the responsibility to consult, suggest, and cooperate with the relevant government structures for the development of policies in the area of mining, hydrocarbons and energy. It monitors the concessionary contracts for Hydropower Plants. Whilst the sustainable use of the energy resources is one of the pillars of this agency.

## **Strategic documents focusing on Sustainable Development**

Most environmental problems are not stand alone issues, but are inter-dependent with economic growth. Environmental issues are cross-sectoral and different institutions have the responsibility for and implement activities that concern the environment.

The Government promotes an integrated and multi-disciplinary approach to environmental management and protection. This principle serves as the framework for addressing environmental priorities in all relevant sectoral policy areas (transport, energy, agriculture, tourism, etc.). One of the principal forums through which formal inter-ministerial dialogue can be pursued is the Environment Inter Ministerial Committee that the Government is designing to ensure the achievement of two key objectives in the environmental field, namely sustainable development and accession to the European Union. The Environment Inter Ministerial Committee shall be responsible for fostering the harmonious, balanced and sustainable development of economic activities which respects the need, in particular, of ensuring a high level of environmental quality, and be the main engine related to the EU integration process in the environmental sphere.

## **An overall National Strategy for sustainable development**

Albania has no explicit “National Strategy for Sustainable Development”, but the country approved its “National Strategy for Development and Integration” (NSDI, 2007–2013) in 2006. The NSDI is considered to be de facto the instrument of planning for sustainable development in Albania, coordinating the objectives of development and those of integration into the European Union. The NSDI is prepared within the framework of the Integrated Planning System as a coherent reflection of sector and crosscutting strategies. Every other Sector or Intersectorial National Strategy built after the approval of the NSDI in 2006, has been integrated within the NSDI priorities and timeline. The NSDI succeeded the previous “National Strategy for Socio-Economic Development (NSSED)”. The NSDI is considered a medium- to long-term document with a planning horizon covering the period 2007–2013, which coincides also with the financial framework of the European Union and of the Instrument for Pre-accession Assistance (IPA) in particular.

Stock taking Albanian Rio + 20 Report

The NSDI is currently being revised and updated to cover the period after 2013. Many stakeholders believe that it would be good to update NSDI explicitly as a “National Strategy for Sustainable Development” on this occasion, acknowledging that every step toward the EU integration is in full accordance with the sustainable development objectives.

### **Strategies for an economically viable development**

- The Agriculture and Food Sector Strategy was approved in 2007. The strategy is viewed as a contribution to the NSDI, and also aims “to provide the link between the strategic objectives, with a 7-year perspective, and the expenditure programs prepared in the framework of the Medium-Term Budget Programme (MTBP)”. The other purposes of the strategy are declared to be i) to ensure the coherence of policies and the long-term orientation of the development of the agriculture and food sector, ii) to clarify the reform and development process taking place in the public and private sectors, iii) to outline the needs for technical and financial support to agriculture.
- In the 2008 a “Sector Strategy for Transportation 2008–2013” was approved. It aims also to expand the road system in every marginalized rural area, and to promote sustainable transport in Albania.
- In 2007 the Inter-Sectoral Rural Development Strategy of Albania (ISRDSA) 2007–2013, was approved, accompanied by an Action Plan. The ISRDSA “constitutes a National Strategy Plan (NSP) for rural development of Albania, lays down the priorities of the rural development policy, and its priorities have been set up in accordance with the European Community priorities on rural development policy”. This NSP is declared to have been prepared “in compliance with the Community strategic guidelines and the broader Community strategic guidelines for sustainable use of resources (Council decision of Göteborg) and the enhancement of economic growth and job creation (Lisbon Strategy)”. The ISRDSA states that “the urbanization has demonstrated its potential for poverty reduction. Urban poverty has declined faster than rural poverty, with the urban poverty headcount falling from 19.5 to 11.2 percent, between 2002 and 2005, while the rural headcount fell from 29.6 to 24.2 percent. There is also evidence of regional convergence in the distribution of poverty. A particularly dramatic improvement has happened in the mountain regions, which had by far the highest poverty rates in the

country in 2002, coming down close to the national rural average in 2005.”. Official data from 2012 show that the extreme poverty in Albania (people living with less than 1USD/person/day) is around 1.2% of the Albanian population. The NSP is founded on “the principles for sustainable management of renewable natural resources and pays special attention to the maintenance of cultural landscape and environmental protection, as well as the maintenance of the settlement and rural identity in the countryside. It also reflects the multifunctional role of forests, which give Albanian landscape a unique mark and represent an important element of environmental consistency and a source for biodiversity”. The ISRDSA has been seen in tight connection with the principles of the sustainable development of the agriculture. The implementation must be measured by indicators such as increasing of the size of farms, raising the efficiency of the work, raising the cultural and professional level of the farmers, etc., and the general opinion is that the objectives of this strategy has not been completely achieved because of their economical cost.

- In 2003 a National Strategy on Energy (NSE) and the respective Action Plan (updated on April 2005) were approved. The NSE aimed to “...analyze and include the necessary changes that should occur in order to increase the security of the energy supply and the optimization of the energy resources in order to meet the demands and achieve a sustainable economic development in the future” and used to be considered as an “an expression of the national demands which provides a sustainable development of the whole national economy and achieves meantime, the environmental protection during the whole cycle of the energy sources utilization”. In 2008 the NSE was newly updated, and an important crucial role has been given to the development of the renewable energies, mostly to the Small HPP.

### **Strategies for a socially acceptable development**

- The Poverty Reduction Strategy. Against the backdrop of the MDGs, with their objectives of i) the reduction of the poverty by 50% within 2008, and ii) the elimination of the extreme poverty, Albania has prepared the Poverty Reduction Strategy Paper (PRSP). The PRSP was launched in 2000 and the Albanian version, under the name of National Strategy for Socio-Economic Development (NSSED), was presented by Albanian Government in 2001,

connecting the reduction of poverty directly with economic development. The NSEED process enabled the country to articulate a medium and long-term development vision that explicitly aimed at addressing poverty. According to the Living Standards Measurement Survey (LSMS)<sup>3</sup>, poverty has been reduced from 25% in 2002, to 12.4% in 2008, while the extreme poverty has been reduced from 5% in 2003 to around 1,2% in 2008

- In 2011 the Government of Albania approved the new National Strategy on Gender Equality and Reduction of Gender-Based and Domestic Violence (2011–2015), thus revising the previous National Strategy on Gender Equality and Against Domestic Violence (2007–2010). This is a cross-cutting strategy. The revised strategy focuses in four priority areas: i) Strengthening institutional and legal mechanisms (National Gender Machinery); ii) Increasing women's participation in decision-making; iii) Empowering girls and women economically; and iv) Reducing gender based violence. The strategy is accompanied by an Action Plan for its implementation and the related costs for each activity.

## **Strategies for an environmentally rational development**

- A National Biodiversity Strategy and its respective Action Plan was developed in 1999, based on the 11 priority issues defined by the Pan-European Strategy on Biological and Landscape Diversity. The strategy highlights the priority issues that need to be addressed for each sector having an impact on biodiversity. The action plan is divided into a series of issues, each containing immediate, short-term (1–5 years), mid-term (5–10 years) and long-term (10+ years) actions. These issues relate to legislation, institutions, agriculture, energy and industry, forestry, fisheries and hunting, tourism, water management as well as in situ and ex situ conservation. For example, in the area of forestry, immediate actions include taking measures to control illegal forest harvesting in the most sensitive areas, while long-term action includes the reforestation of areas not regenerating on their own. The timeframe given for the preparation of action plans for threatened habitats is 1–2 years and the timeframe for all other habitats is 3–5 years.

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<sup>3</sup> Such surveys were completed, of 2003, 2005, and 2008.

- The Cross-Sectoral “National Environmental Strategy” (NES) recognizes that “the environment is the source of everything that people need to stay alive and to develop.” referring to the findings of the National Strategy for Socio-Economic Development (NSSD – 2002) and the Priority Action Plan 2003. According to the NES, the main aims of government policy are i) Sustainable Development, and ii) Accession to the European Union. The implementation of this, the second NES, is recognized as a challenge but also as a contribution to the achievement of the above mentioned objectives. The NES recognizes that “the efficient environmental management and the achievement of sustainable development is the major challenge” and that despite “considerable progress has been made in recent years”, “the sustainability of Albanian development has often been questioned ...”. The NES, referring to the Program of the Government of Albania (2005–2009), recognizes that “the rural degradation and poverty, urban sprawl, environmental pollution and damage to natural resources are only some of the problems. Bringing the country back on the path of fast but sustainable and balanced development is of vital importance... The Government’s goal will be achieved through an effective blending of sector specific policies into an integrated approach...”. The NES also states that “The integrated approach entails dealing with economic, social and environmental policies in a mutually reinforcing way. A balance must be found between the level of environmental exploitation and environmental protection. Delaying the adoption of this integrated approach and continuing with activities which damage the environment excessively, endanger public health and reduce the quality of life will result in a sharp increase in the overall costs of economic development. This National Environmental Strategy is itself part of the integrated approach being developed in the National Strategy for Development and Integration. It needs to be seen in the context of national policy as a whole. Many of the policies and measures in this Environment Strategy are supported by the programs of action set out in sector strategies, such as water, energy and agriculture. Moreover, they are also supported by more detailed action programs addressing specific issues, such as the Biodiversity Strategy and Action Plan, and the National Waste Management Plan. This National Environmental Strategy brings together the most important elements of these actions into a coherent whole”.

- Now, almost six years after the NES was approved, several NGOs, whilst recognizing that certain progress has been made, especially in the field of the development of new environmental policies, believe that the main environmental challenges remain unsolved. The main opinion is that there is always a gap between policies addressed by the MoEFWA and the situation in the field.
- In 2011, FAO supported the creation of a “National Program on Protection and Management of the Genetic Resources”, accompanied by an Action Plan and the respective costing. This national program requires the current situation of the genetic fund as well as future actions on the management of this genetic richness to be studied. It gives details on the duties of every institution and stakeholders. It is important for farmers to have species that are autochthonous and insure the quality and quantity of food for the population. The protection and sustainable use of the autochthonous germplasmas is crucial for the sustainable development of agriculture. For this purpose, the Genetic Bank was created in Albania in 2002, and 5 centres for transferring technology related to the cultivation of autochthonous species and their adaptation to adverse effects of climate change..
- Some of the gaps on the correct implementation of this program relate to insufficient funding, and limited inter-institutional coordination. For example, the national species collection is managed and protected by different institutions, such as the National Parks by the Ministry of Environment, or the Botanic Garden by the University of Tirana, etc.

### **The Local Agendas 21 in Albania**

- There are two different contexts for the Agenda 21 in Albania, namely the central and the local. At the central level, the Albanian Government has a kind of national “Agenda 21”, the so-called “National Strategy for Development and Integration – NSDI”. All other strategies derive from this central strategy. Some stakeholders in Albania think that the NSDI is not sufficient, and it must be conceived as “National Strategy for Sustainable Development and Integration”. The Strategy has also problems of incomplete implementation.

- At the local level, the “Agenda 21s” are better organized, since they have been paraphrased in “Local Environmental Action Plans”. Several local entities, assisted and supported by NGOs (REC, Milieu Kontakt, Co-Plan, URI, etc) and international organizations (UNEP, UNDP, SOROS, etc), have designed and approved their Local Environmental Action Plans. The Local Environmental Action Plans have been designed at municipality, commune, or qark levels. These Local Environmental Action Plans must be better supported with political will and with financial means.

## **Progress toward a “green economy” in the context of sustainable development and poverty eradication**

Albania does not need to start from scratch in order to move towards a green economy, as there are already promising signs of increasing private investments in sustainable consumption and production, research and innovation, all of which can contribute to enabling a green economy.

The task of Government is to define regulatory frameworks that support the private sector’s commitment towards green investments, and devise market-based instruments in order to mobilize innovative financing for green purposes. A number of market and regulatory conditions need to be put in place and large scale financial resources will have to be mobilized to achieve the transition to a green economy.

Incentives will have to be put into place to encourage private green investments. At the same time, both the national public sector and international donor financing will be required to support the transition.

The establishment of an Environment Fund, which is strongly supported and requested by the donor community, NGOs and civil society in general, could be the instrument to channel revenues from pollution charges and green taxes. The Environment Fund would provide grant and soft loans to regions, municipalities, and private enterprises for investing in the sustainable management of key resources and natural capital such as: minimization of environmental impacts such as green house gas emissions, promotion of efficient use of resources, and provision of new source of recycled materials renewable energy production and energy efficiency and reduction of the dependency on fossil fuels.

The establishment of the Environment Fund is particularly important from the European integration perspective, as essential investments are needed in the fields of waste management, the improvement of water quality, and the enforcement of integrated pollution prevention and control in order to streamline domestically the EU acquis for the environment.

In general, market-based instruments, such as environmental taxes, tradable permit systems or targeted subsidies for economic operators and individuals will be adopted in compliance with the principles of the free market. Fiscal incentives and economic instruments will be applied in order to drive up the cost of environmentally harmful activities, promote the reduction of pollution by businesses and individuals, investments in cleaner technology, energy savings, efficient use of natural resources, and stepping up efforts to promote sustainable consumption and production patterns.

## **Sectoral progress toward a sustainable development and a “green economy”**

### **Renewable energies**

The most shared opinion among stakeholders is that the political commitment to achieve sustainable development has been particularly strong in the energy sector. The hydrologic energy capacity of the country is calculated to be around 4500 MW, while actually just 1460 MW are used by HPP, and it represents almost 98% of national energy production<sup>4</sup>. Increasing the energy production of hydro power plants (HPP) has been a strategically important objective for the country since 2006. A strong instrument on this path are the incentives for the construction of new small and medium size HPPs, a policy that is conceived to be in line with the “20+20+20” EU objective. Since 2007 more than 200 concessions for building HPPs have been granted for a total capacity of more than 1,200 MW. Political support to this process continues. The recently created “one stop shop” scheme for the concessions of small and medium HPPs is meant to further facilitate the process by reducing the

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<sup>4</sup> Conference of Donors at the Energy Sector in Albania “Many paths, one goal: sustainable energy for Albania”, Tirana, 15 March 2012  
Stock taking Albanian Rio + 20 Report

bureaucratic burden for the sector's investors. In the wind energy sector, concessions for a capacity of more than 1TWh have been granted<sup>5</sup>.

The improvement of energy supply to the population, and to the poorest areas in particular, has been a priority for the country. Since 2008, the country has experienced increasingly fewer cuts in energy supply. Several initiatives have contributed to change in the situation. Among these is the construction of the 400 KV transmission line Elbasan–Podgorica, which completes the “energy transmission ring of Albania”. Other transmission lines are in process of international tendering, including the 400 KV transmission line Tirana–Prishtina. Others are currently being considered, such as the 400 KV transmission line Tirana–Shkup. Crucial from the perspective of growth for the renewable energy sector is considered by the government the interconnection with Italy, and for this reason, concessions have been given to private companies with the right to construct the transmission line Albania–Italy.

The move towards natural gas utilization represents a new growth opportunity for the energy sector in Albania. This shift would be in line with the United Nations initiative “Sustainable Energy for All”. The plan to build the Trans Adriatic Pipeline (TAP) which would bring gas from the Caspian Region through the Albanian territory west to Italy and north to Croatia and Central Europe has been widely discussed and it is considered to be a great opportunity for the Albanian energy sector, also as the country is currently the only European nation without a gas distribution network.

## **Agriculture**

The sustainable use of land and agriculture will be a cornerstone of the green economy in Albania. For this reason specific support has been given to geographical areas of good agricultural production, according to their regional specifics. Increasing production in the sector of fruit growing has been supported in the SE region, olive growing in the Western region, and vegetable growing in the low part of the country. A specific instrument, namely the production subventions, has been used since 2007. This policy has produced important results in increasing production, exports, and of living standards in general. Around one third of all the farmers of the country, equating to around 10.000–15.000 farmers every year, have been supported.

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<sup>5</sup> Idem

## **Forestry and Agro-forestry**

Albania is one of the few European countries where there has been a decline in forest area in recent decades, due to clearance for agriculture, overgrazing and cutting for fuel-wood, in particular during the transition period (around 1990).

The Government is committed in the effort to increase the area of protected forest in order to preserve the rich biodiversity and landscape. The Government will develop its capacity not only to better manage those areas designated as protected for bio-diversity conservation, but also to boost their development through appropriate environmental and market instruments.

The process of the decentralizing the management of forests and pastures, and the creation of the so-called “communal forests”, has been conceived also as a tool for the eradication of poverty. The process has progressed since 2006 and at present, more than 60% of forests and pastures are managed by the municipalities and communes themselves.

Financial incentives for agro forestry (nuts, hazelnuts, chestnuts, pines, etc) have been available since 2008 and have provided support or subventions to almost 100.000 small and medium farmers (around 30% of the total number). A further development of the process is the idea to utilize part of the Eco Tax on fuels to finance agro-forestry initiatives. This would play an important role in the process of poverty reduction, in supporting erosion control, and generally in helping the sustainable economic development of the country. The process of privatization of forests and pastures is also seen as an important tool for the sustainable management of regional natural resources.

## **Solid Wastes Management**

Waste management is currently considered to be the crucial environmental problem for Albania. Most stakeholders, both institutional and non-governmental, consider the process to be “out of control”. The development of waste management infrastructure and institutional capacity in Albania has not kept pace with rapid economic growth and urban expansion. Waste recycling is poor, there is no separate collection of wastes and the only method of waste treatment is dumping. The Government itself has recognised the gravity of the

situation, and has proclaimed a “clean Albania” as a national priority, also by acting itself on the ground by assigning the 20th of April as the National Day of Cleaning.

The Government is adopting waste management legislation in line with that of the EU. National discharge standards are being set and compliance and monitoring systems developed and established. The Government has adopted a National Waste Management Strategy based on four policy pillars: planning, education, re-sourcing, and legislation. The Government has also developed a National Waste Management Plan providing a pathway to the implementation of a fully integrated national waste management system in compliance with all EU Directives, including organizational restructuring and capacity building. The plan envisages a move away from the traditional waste management solution of landfilling and promotes the use of segregated waste collection systems, recycling, composting and waste to energy.

The Albanian Government has recognized the importance of private sector involvement in the waste management sector, firstly through the provision of support to waste recycling industries. As the result of these policies, almost 60 recycling enterprises currently operate in the country.

The economic potential of waste management is growing further in many regions, offering important business and job opportunities. Nevertheless, the waste collecting process still has a strong social connotation and remains one of the main job opportunities for the Roma community. According to NGOs and to the Albanian Recycling Association, the number of Roma community members involved in the collection process of recycling materials is around 38,500 persons. It is increasingly important to ensure that these jobs are decent, in particular in terms of working conditions.

As the country grows economically, there are increasing needs and economic opportunities for better waste management and public private partnership in this sector offers an important chance to transform the economic potential of waste management into a real a green economy opportunity.

## **Water**

Water is one of the most valuable resources, fundamental to life and health, but also to the growth of many economic sectors, including agriculture and energy production. Over 90 percent of energy production is from hydropower plants,

while agriculture is critically dependent on irrigation. However Albania's water sector is plagued by a variety of problems including high consumption, wastage and misuse, illegal connections, below-cost tariffs, inadequate revenue collection, and inadequate maintenance and investment in physical infrastructure. Consequently, despite Albania's abundant water resources, there is a lack of reliable water supply which hampers private investment becoming a key constraint to many economic activities.

The government is undertaking a water sector policy reform, focusing on cost recovery and private sector and community participation. The government has also prepared a comprehensive Water Supply and Sanitation Strategy foreseeing the participation of the private sector in water related service provision. This is expected to improve the management of the water utilities and thereby achieve better quality of service and higher operating efficiency.

### **Sea water resources**

The sea water resources, if managed in a sustainable manner, represent an important and durable opportunity for the economic development of the country. The development of the fishery sector is an important factor of economic development and the tourism sector has great potential and investment opportunities.

However, the marine environment along the Adriatic and Ionian seacoast faces several threats. Besides the preservation of biological and geographical diversity, the main challenges include: the depletion of fish stocks, the realization of municipal infrastructures, such as water supply, sewage and waste water treatment infrastructure and waste management infrastructure, as well as the management of rapid tourism development. The Government aims to have the entire sea and lake coast covered by a sewage and waste water treatment infrastructure by 2017.

Some of these issues are trans-boundary and need to be addressed with neighbour countries; others are domestic and need to be addressed through the establishment of a comprehensive multiple-use plan for effective coastal management. The government is committed to the preparation of such a plan aiming at preventing further degradation of the coastal environment rather than

rehabilitating it later. This will be achieved by integrating environment concerns with economic opportunities.

### **Information and communication technology**

The information and communication technology is important from the perspective of green economy. The development of information and communication technology has had a strong support from the Government of Albania since the Government announced its Program “Albania at the digital age” in 2005. Significant improvements are made in the electronic procurement system, business registration and licensing, e-schools, etc. Information and communication technology is seen as an important tool that will help increase public sector transparency and accountability, strengthen the engagement and participation of citizens in the decision-making processes, improve delivery of public services and strengthen partnerships. According to the government of Albania statistics since 2009 all public funds are procured in the e-procurement platform. The fast distribution of information and communication technology all over the country ensures exchange of know-how and building the capacities for the education system which will bring professionals to the new labour market.

### **Considerations about the challenges for the sustainable development in Albania**

It is the common opinion to most of stakeholders that there are three kinds of challenges for the achievement of sustainable development in Albania.

- **External objective challenges**
  - Climate change impacts (such as changing precipitation and sea level rise) is considered to be the main external challenge for some important sectors in Albania, namely: agriculture, energy, health, environmental protection, tourism, etc. Erosion is seen as a strong challenge, and also connected to poverty in Albania, since the map of erosion closely resembles the map of poverty.
  - The degradation of the natural resources is one of the main threats to future development of Albania

- Exponential growth in urban areas is seen as a challenge the country must face urgently in order to avoid the degradation of soil and to ensure an equal development for all the citizens.

#### • **Institutional challenges**

- Better coordination between institutions responsible for different sectors (economic, social, environmental).
- Better cohesion between strategies, action plans.
- Better implementation of the Strategies (sectoral and intersectoral)
- Monitoring of the implementation of the Strategies to be done with the involvement of the non-governmental sector.
- Development of better know-how about sustainable development and green economy among the public administration.
- Stronger political will for meeting sustainable development objectives.
- Stronger institutional will to face the economic interests who lobby with regards to the exploitation of natural resources
- Better coordination between the National Strategies and the Local Environmental Action Plans

#### • **Financial challenges**

- Provide financial support to the implementation of the National Strategies related to sustainable development
- Provide finance to implement some strategic sectors very important for achieving sustainable development such as energy efficiency, renewable energy, new technologies on waste and water treatment, etc.

#### • **Perception and mentality challenges**

- The change of the predominant mentality among Albanian administrators that “sustainable development entails high economic cost”
- The change of mentality of important business stakeholders in Albania that “sustainable development is limited to sustainable growth of the economy”
- The change of mentality that “economic development has an environmental cost we must be ready to pay”.

## Conclusions

When the rule of law fades, environmentally unsustainable practices perpetuate, along with the deterioration of the environment and people's health. The government recognizes the current limited capacity of implementing and enforcing legislation and the need for strengthening the rule of law, not only for establishing a climate conducive to investment required to achieve sustainable and equitable growth, but also for the consolidation of the respect for the law among the Albanian population. Poor implementation of the legislation is due to a number of reasons such as: limited accountability for implementing agreed policies, limited ability to measure and monitor compliance, weak enforcement procedures, limited institutional and administrative capacity, insufficient human and financial resources, and a dysfunctional distribution of competencies among ministries.

A major and integral part of sustainable development is efficient provision of environmentally sound infrastructure, such as water supply and sanitation, waste management, energy supply, transport, and telecommunications. Environmental improvement is of particular concern in Albania because of the legacy of poor environmental management covering a range of sectors including antiquated water supply systems, wastewater sewerage facilities, contaminated industrial sites, lack of urban waste disposal infrastructures, and the lack of facilities to deal with hazardous waste. In order to alleviate Albanian people from the pressing needs of satisfactory environmental infrastructure meeting European standards, large scale financial resources would need to be mobilised. Reliance on public funds alone will not be sufficient to ensure that development of the needed environmental infrastructures can take place within a reasonable timeframe; rather, public financing will have to catalyse and leverage much greater private investment. It is the government's opinion that boosting the participation of private sector will be essential to achieve efficiency and increased sustainability of infrastructure projects. This will require a move from the traditional approaches to public financing, enabling in the country the development of innovative financing arrangements. Private sector participation in infrastructure may extend from management contracts to leasing arrangements and licensing/franchising concessions, as well as built-operate transfer and private-public sector partnerships. The government is committed

to remove all the obstacles to private sector participation through adoption of adequate legislation for private sector involvement and enforcement of property rights and contracts, and fight bureaucratic inertia.

The Government recognizes the need for reinforcing and mainstreaming environmental protection and sustainable development governance within the state administration, inter alia by supporting environmental institution building of environmental organizations, and enhancing coherence and policy integration between institutions that implement environmental policy in practice and/or whose policy and administrative practice have an impact on the environment. A number of efforts are ongoing, including the strengthening of technical specialization at the Ministry of Environment, Forestry and Water Administration and other environmental organizations at national, regional, and local levels to effectively address the complex environmental issues of the twenty-first century, and the improvement of inter-ministerial and inter-institutional co-ordination in order to ensure that environmental protection is seen in a different way and in a much wider context than previously. Poor implementation and weak enforcement are also due to the limited number of information and education campaigns; such campaigns would increase public awareness and sense of responsibility. The Government must increase environmental awareness and education with a view to building durable constituencies for the conservation, protection and sustainable management of natural resources. Environmental education of the public must be supported by specific programmes in cooperation with civil society.

Civil society and non-governmental organizations must be invited to offer their inputs in the drafting and implementation of policies, and in particular for monitoring the environmental situation in the country.

### **International Conventions and Protocols signed and supported by Albania**

Albania has signed a large number of international conventions and committed to obligations deriving by them.

- Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, Aarhus Convention, Aarhus, 1998
- Convention on Biological Diversity (CBD), Nairobi, 1992.
- Energy Community (Energy Community South East Europe Treaty – ECSEE)<sup>6</sup>
- Espoo Convention on Environmental Impact Assessment in a Transboundary Context, Espoo, 1991.
- Montreal Protocol on Substances That Deplete the Ozone Layer, Montreal, 1989.
- Stockholm Convention Stockholm Convention on Persistent Organic Pollutants Stockholm, 2001.
- The United Nations Convention to Combat Desertification
- Convention for the Protection and Development of the Marine Environment and Coastal Region of the Mediterranean Sea, Barcelona Convention, Barcelona, 1976.
- Protocol for the Prevention and Elimination of Pollution in the Mediterranean Sea by Dumping from Ships and Aircraft or Incineration at Sea
- Protocol for the Protection of the Mediterranean Sea Against Pollution from Land-Based Sources and Activities
- Protocol Concerning Cooperation in Preventing Pollution from Ships and, in Cases of Emergency, Combating Pollution of the Mediterranean Sea
- Protocol on the Prevention of Pollution of the Mediterranean Sea by Transboundary Movements of Hazardous Wastes and Their Disposal

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<sup>6</sup> Albania signed the Treaty of the Energy Community in 2005. This Treaty is also referred as Energy Community of South East Europe (ECSEE) is a community established between the European Union (EU) and a number of third countries in order to extend the EU internal energy market to Southeast Europe and beyond. The Treaty establishing the Energy Community was signed in Athens, Greece, on 25 October 2005, and entered into force on 1 July 2006.

- Protocol Concerning Specially Protected Areas and Biological Diversity in the Mediterranean
- Protocol for the protection of the Mediterranean Sea against pollution resulting from exploration and exploitation of the continental shelf and the seabed and its subsoil.
- Protocol on Integrated Coastal Zone Management in the Mediterranean
- Convention on the conservation of European wildlife and natural habitats
- Protocol concerning Specially Protected Areas and Biological Diversity in the Mediterranean
- The Convention on Biological Diversity, 1992
- The Cartagena Protocol on Biosafety, of the Convention on Biological Diversity
- International Convention for the Conservation of Atlantic Tunas (ICCAT)
- Agreement on the Conservation of African–Eurasian Migratory Waterbirds
- The Agreement on the Conservation of Cetaceans of the Black Sea, Mediterranean Sea and Contiguous Atlantic Area (ACCOBAMS)
- Convention on the Conservation of Migratory Species of Wild Animals (CMS), Bonn, 1979.
- Convention on the International Trade in Endangered Species of Wild Flora and Fauna, (CITES), Washington DC, 1973.
- Ramsar Convention on Wetlands of International Importance, especially as Waterfowl Habitat, Ramsar, 1971.
- Convention on Long–Range Transboundary Air Pollution (LRTAP), Geneva, 1979.
- Framework Convention on Climate Change (UNFCCC), New York, 1992.
- Kyoto Protocol of UNFCCC, Kyoto, 1997
- Vienna Convention for the Protection of the Ozone Layer, Vienna, 1985, including the Montreal Protocol on Substances that Deplete the Ozone Layer, Montreal 1987.
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, Basel, 1989.

- Protocol to the 1979 Convention on long-range transboundary air pollution concerning the control of emissions of nitrogen oxides or their transboundary fluxes (NOx Protocol)
- Protocol to the 1979 Convention on Long-range Transboundary Air Pollution on the Reduction of Sulphur Emissions or their Transboundary Fluxes by at Least 30 Per Cent
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, Rotterdam, 1998.
- Stockholm Convention on Persistent Organic Pollutants, Stockholm, 2001.
- United Nations Convention on the Rights of the Child (CRC), 1992
- Framework Convention for the Protection of National Minorities (FCNM), 1995
- The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979
- Convention on the Rights of Persons with Disabilities, 2009
- International Treaty on Plant Genetic Resources for Food and Agriculture, ratified by Albania in 2010<sup>7</sup>

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<sup>7</sup> . In 2011, FAO has supported the creation of a “National Program on Protection and Management of the Genetic Resources”, accompanied by an Action Plan and the respective costing. This national program does oblige on the study of the current situation of the genetic fund, and also on future actions on the management of this genetic richness. It gives details on the duties of every institution and stakeholders. It is important for the farmers to have species that are authoctone and that insure the quality and quantity of the food for the population. The protection and sustianble use of the authoctone germoplasmas is crucial for a sustainable development of the agriculture. For this purpose in Albania it has been created the Genetic Bank (2002), and 5 Centers for the Tranfering of the Technology that works on the cultivation authoctone species that can be used for the improvement of the species that have to be adopted on the new climate conditions of the climate changes. Some of the gaps on the correct implementation of this program are the problem of the not sufficient funding, and thsat of the interinstitutional coordination. For example, the national species collection is managed and protected by different institutoins, such as the National Parks by the Ministry of Environment, or the Botanic Garden by the University of Tirana, etc.

## **Evaluation of the level of sustainable development in Albania**

The proliferation of meanings of “sustainable development” and lately of “green economy” is not just a practical clarification but a highly political process of “different interests with different substantive concerns trying to stake their claims in the sustainable development territory” (Dryzek, 2005). With so much ambiguity surrounding the meaning of sustainable development, there are several attempts to construct typologies distinguishing different “versions” of sustainable development (Carter, 2008). Most typologies distinguish “weak” and “strong” forms. Baker has designed a “ladder” of sustainable development, which is a useful heuristic device to identify different forms or discourses of sustainable development as well as the political scenarios and policy implications associated with each rung, and links them to different philosophical beliefs about nature. The Baker’s “ladder” identifies four levels of sustainable development policies: 1) ideal model, 2) strong sustainable development, 3) weak sustainable development, and 4) pollution control, where the first one model is the most ecocentric and the last one the most anthropocentric. If we use the Baker’s “ladder of sustainable development: the global focus” (2006) to evaluate at which level sustainable development is conceived and implemented in Albania, we can consider that the situation of the country belongs to the rung of “weak sustainable development”, with some exceptions that may be classified lower in the “pollution control” trend, or a little bit higher in the “strong sustainable development” trend.

In a more detailed evaluation, the case of Albania could be sketched in this model:

Model of sustainable development	Normative principles	Type of development	Nature	Spatial focus	Governance	Technology	Policy integration	Policy tools	Civil society – state relationship	Philosophy
<i>Ideal model</i>	Principles take precedence over pragmatic considerations (participation, equity, gender equality, justice; common but differentiated responsibilities)	Right livelihood: meeting needs not wants; biophysical limits guide development	Nature has intrinsic value; no substitution allowed; strict limits on resource use, aided by population reductions	Bioregionalism; extensive local self-sufficiency	Decentralization of political, legal, social and economic institutions	Labour-intensive appropriate, green technology; new approach to valuing work	Environmental policy integration; principled priority to environment	Internalization of sustainable development norms through ongoing socialization, reducing need for tools	Bottom-up community structures an control; equitable participation	Eco-centric
<i>Strong sustainable development</i>	Principles enter into international law and into governance arrangements	Changes in patterns and levels of consumption; shift from growth to non-material aspects of development; necessary development in Third World	Maintenance of critical natural capital and biodiversity	Heightened local economic self-sufficiency, promoted in the context of global markets; green and fair trade	Partnership and shared responsibility across multilevels of governance (international, national, regional, and local); use of good governance principles	Ecological modernization of production; mixed labour and capital-intensive technology	Integration of environmental considerations at sector level; green planning and design	Sustainable development indicators; wide range of policy tools; green accounting	Democratic participation; open dialogue to envisage alternative futures	
<i>Weak sustainable development</i>	Declaratory commitment to principles stronger than practice	Decoupling; reuse, recycling and repair of consumer goods; product life-cycle management.	Substitution of natural capital with human capital; harvesting of biodiversity resources	Globalization; shift of production to less regulated locations	Some institutional reform and innovation; move to global regulation	End-of-pipe technical solutions; mixed labour- and capital-intensive technology	Addressing pollution at source; some policy coordination between sectors	Environmental indicators; market-led policy tools and voluntary agreements	Top-down initiatives; limited state-civil society dialogue; elite participation	
<i>Pollution control</i>	Pragmatic: not principled approach	Exponential, market-led growth	Resource exploitation; marketisation and further closure of the commons; nature has use value	Initial moves to local economic self-sufficiency; minor initiatives to alleviate the power of global markets	Command-and-control state-led regulation of pollution	Capital-intensive technology; progressive automation	End-of-pipe approach to pollution management	Conventional accounting	Dialogue between the state and economic interests	Anthropocentric

The ladder of Sustainable Development: the global focus (Baker, 2006)

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#### **Civil Society**

- SAZAN GURI – GG Group
- XHEMAL MATO – Ekolëvizja Network
- EDLIRA HAXHIYMERI – Shelter for Violated Women and Girls
- MIHALLAQ QIRJO – Regional Environment Center, Tirana
- ILIR ZHILLA – Chamber of Commerce
- NEVTON KODHELAJ – ANEP
- MENTOR KIKIA – Volunteers Corpus

#### **International organizations**

- ISMAIL BEKA – GIZ
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- NARIN PANARITI – EU Support for Environmental Legislation and Enhancement in Albania project (SELEA)
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