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Navigating the Green Transition: Challenges, Opportunities, and Financial Implications for Albanian Firms

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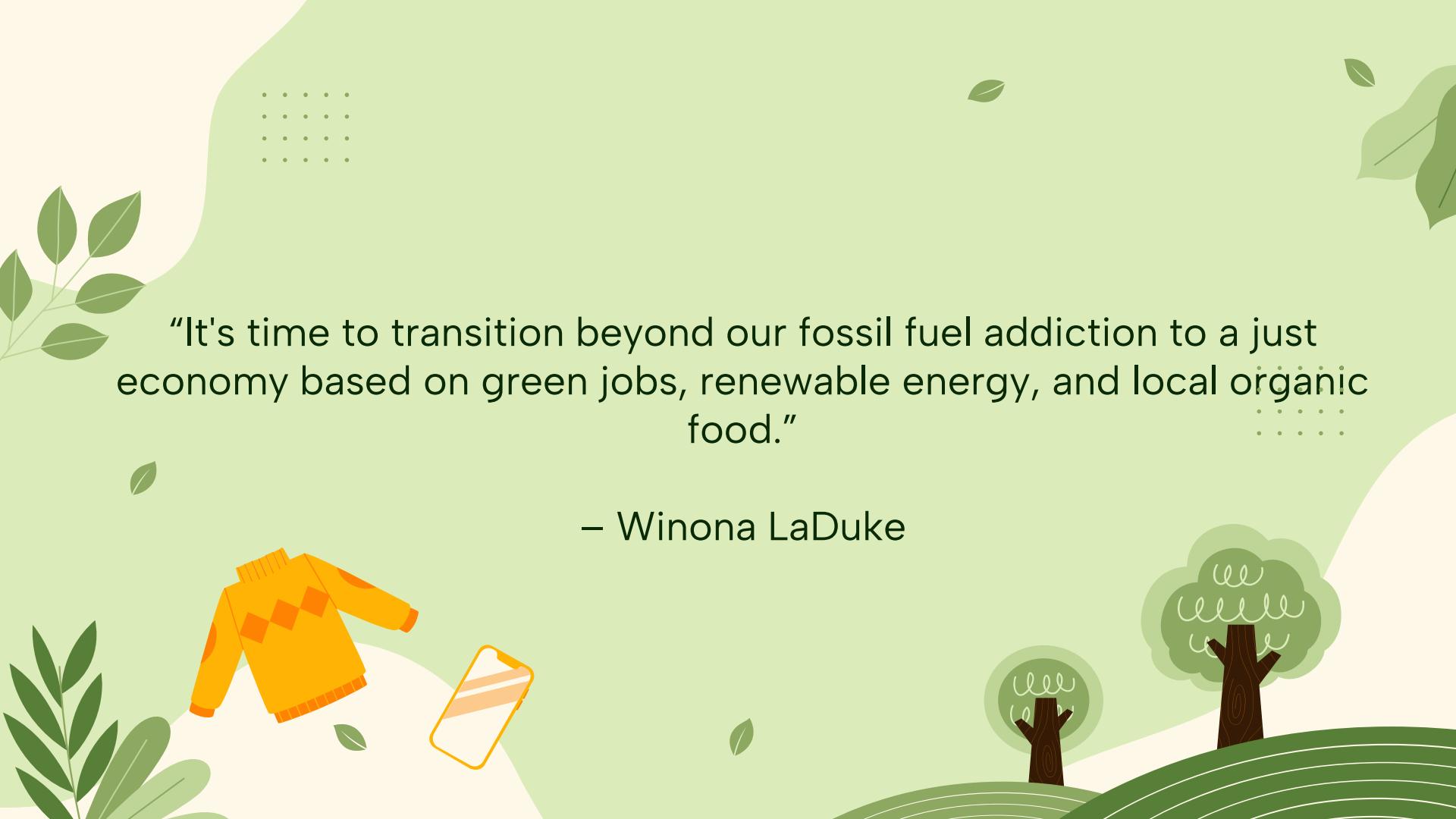
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“It's time to transition beyond our fossil fuel addiction to a just economy based on green jobs, renewable energy, and local organic food.”

– Winona LaDuke

What is the green transition?

- The green transition is a process towards a new development model that ensures environmentally sustainable and fairer societies.
- It is a necessity to address the human-induced climate change emergency, environmental degradation (water, land, forests, atmosphere) as well as the loss of biodiversity.





Green transition practicies



Renewable energy
and low-carbon
technologies



Circular economy
and resource
efficiency



Sustainable Land
use and biodiversity
protection



Green finance and
investments



Policy, regulation
and governance



Social and behavioral
change

Green transition in Albania

- Albania is making notable strides toward a green transition: **46.6%** of its gross final energy consumption came from **renewables** in 2023, largely thanks to hydropower.
- Despite this, **38%** of Albanian households face **energy poverty**, struggling to heat their homes because of low incomes and high energy costs.
- On the waste front, **recycling rates** are still low, only about **17%** of municipal waste is recycled, compared with the EU average of 49 %.

Literature Review

Key challenges of the green transition is aligning **organizational strategies and workforce skills** with rapidly emerging green technologies and national climate commitments, and **high cost** for implementing ambitious climate measures.

— (Zenku & Stefanovska, 2024)

The adoption of green measures among SMEs in the Western Balkans is mainly influenced by **innovation capacity, regulatory pressure, export orientation**, and **access to foreign technology**, while **financial constraints** and **informal sector competition** act as significant barriers.

— (Vučković & Čučković, 2024)

Literature Review

Corporate investment in green technologies is mainly hindered by **credit constraints** and **weak green management**, which limit firms' ability to upgrade machinery, equipment, and processes.

— (Haas et al., 2023)

Key barriers for circular economy include **limited access to finance**, **high upfront** investment **costs**, and a **lack of technical expertise** that makes it difficult for firms, particularly SMEs, to adopt cleaner and more circular production practices.

In addition, **regulatory uncertainty**, **low consumer awareness**, and **weak market demand** for green products further slow the transition toward a fully sustainable and resource, efficient economy.

— (Mahmutaj et al., 2025)

Literature Review

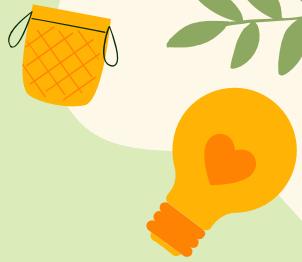
Corporate climate transition faces barriers such as **limited access** to affordable **capital**, **high costs** of green projects, **regulatory inconsistencies**, **resistance** to organizational change, and **technological lock-ins** that slow the adoption of sustainable practices.

Conversely, aligning business practices with sustainability goals offers **opportunities** through **green financing**, innovation-driven **climate startups**, **technological development**, and **enhanced** organizational **resilience** that can drive growth, competitiveness, and social inclusion.

— (Kouloukou et al., 2025), (Reynolds, 2024)



Methodology of the study



Approach	Data sources	Case studies
Qualitative and exploratory, aimed at understanding businesses' barriers and opportunities related to the green transition	Primary data – collected through semi-structured interviews. Secondary data – collected from financial institutions, INSTAT, National Business Centre, policy papers	TONA ALB COMPANY X (Food production and recycling company)



Case study: TONA ALB

- Was established in 2014 in Korca, and is one of the largest meat collection, and processing firms in the Albania.
- Key sustainability initiative: installation of photovoltaic panels for electricity production.
- Investment: **763 369 Euro** – 50% a grant from AZHBR



Case study: TONA ALB

- Key achievements: Covering around 60% of the energy needs (saving **20 000 Euro/year**)
- Energy production in the first 6 months – 110 000 Euros.
- **Strategic benefits:**
 - Cost optimization and energy independence.
 - Reduces vulnerability to energy price fluctuations.



Case study: TONA ALB

Impact and lessons learned

- Demonstrated benefits of combining public incentives with accessible finance.
- Contribution to long-term financial resilience and resource efficiency.
- Operations aligned with sustainability and climate goals.
- Enhanced brand image: early adopter of renewable energy solutions.
- Conclusion: Transition to clean energy leads to **operational stability, reduced carbon footprint, and increased competitiveness**

Case study: Company X

- Medium-sized company, based in Korca, and operates in the food production and recycling sector.
- Green transition **awareness: very high.**
- **Sustainability: core element of the business model.**
- Main motivation to go green: **Cost reduction.**



Case study: Company X

Green practices implemented

- Energy efficiency measures.
- Using renewable energy.
- Recycling and resource recovery.
- Green initiatives implemented since 2000.
- **Financing:** Company's own sources.
- **Result:** Improved financial performance.



Case study: Company X

Biggest challenges

- Not clear regulations.
- Lack of clarity and legal bureaucracy.

Required support

- Improved regulatory framework.
- Better access to green financing instruments.

Benefits experienced

- Cost saving.
- Improved long-term competitiveness.



Conclusions



- Albanian firms are increasingly **becoming aware** of the importance of the green transition, with sustainability gradually becoming part of their business models.
- **Cost reduction, energy independence, and operational efficiency** remain the strongest drivers for adopting green practices.
- The two case studies show that **renewable energy** investments and **circular economy practices** generate measurable benefits, from enhanced financial resilience and energy security to improved competitiveness.





Conclusions



Key challenges

- Regulatory uncertainty, bureaucratic hurdles, and limited access to green finance continue to impede the progress towards green transition.
- SMEs, in particular, struggle with high upfront costs and lack of technical expertise.



Opportunities

- Strengthening green finance instruments, clearer regulations, and dedicated support programs can accelerate adoption.
- The green transition presents opportunities for innovation, market expansion, and enhanced organizational resilience.



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Conclusions



Supporting firms to invest in green technologies is essential for building a sustainable, competitive, and climate-resilient economy.

A coordinated effort between businesses, government, and financial institutions is crucial for unlocking the full potential of the green transition.



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Thank you for your attention

Do you have any questions?

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