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KËSHILLI I QARKUT KORÇË

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

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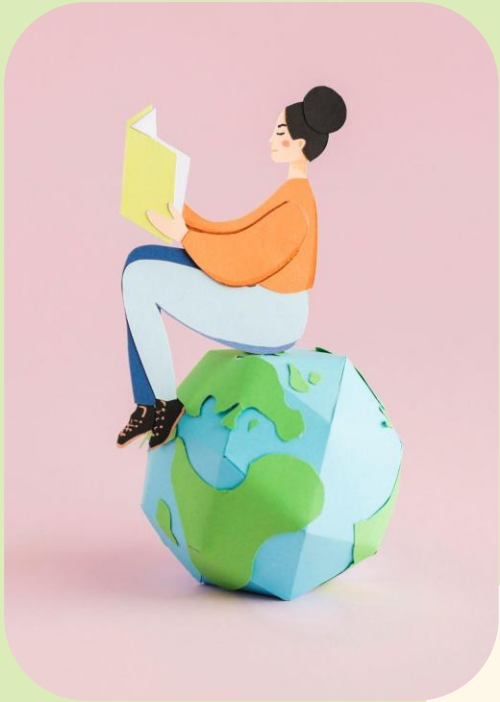
“It's time to transition beyond our fossil fuel addiction to a just economy based on green jobs, renewable energy, and local organic food.”

– 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.

— (Kouloukoui et a., 2025), (Reynolds, 2024)

Methodology of the study

Approach

Qualitative and exploratory, aimed at understanding businesses' barriers and opportunities related to the green transition

Data sources

Primary data – collected through semi-structured interviews.

Secondary data – collected from financial institutions, INSTAT, National Business Centre, policy papers

Case studies

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.

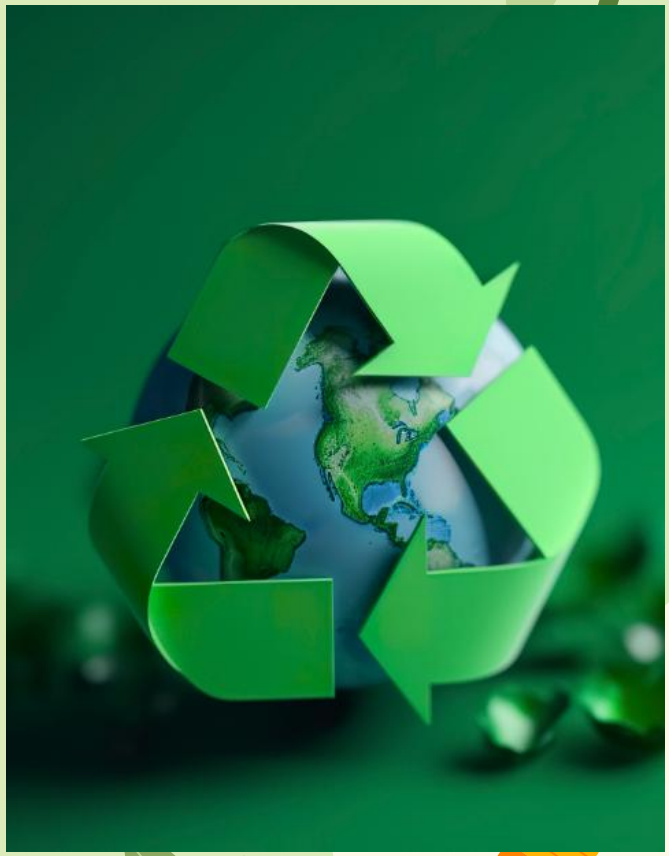
Case study: TONA ALB

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

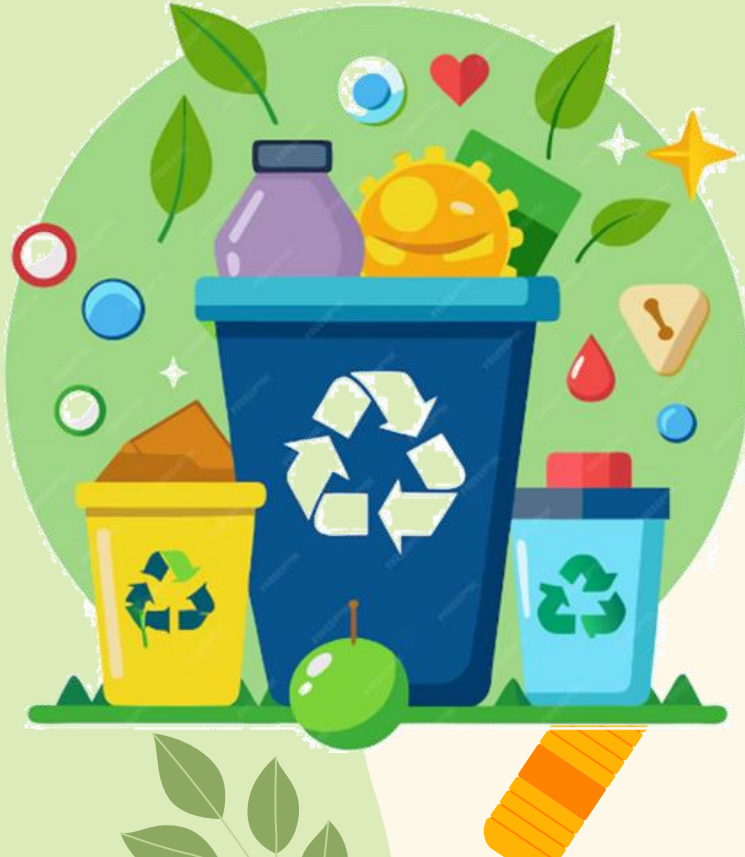
- Medium-sized company, based in Korca, and operates in the food production and recycling sector.
- Green transition **awareness: very high.**
- **Sustainability: core** element of the business model.
- Main motivation to go green: **Cost reduction.**



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 burocracy.

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.

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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Green FIB

www.sustainablefinance.feut.edu.al

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Thank you for your attention

Do you have any questions?

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