



Financing decarbonization of energy system in the
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DECARBONIZATION OF ENERGY SYSTEM IN ALBANIA

National Agency of Natural Resources

STRATEGY

- ▶ The Strategy defined key Programs and Projects on which the long-term balance in energy production and consumption in Albania is based. It also addressed the effects of the energy sector development on environmental protection and the population's social status.
- ▶ The Paris Agreement, ratified by five of the Western Balkan partners, commits its signatories to take action to ensure that the global average temperature increase is kept well below 2° and to pursue efforts towards limiting global warming to 1.5°. In line with the European Climate Law, climate neutrality will be reflected in the EU's bilateral relations and accession negotiations with the Western Balkans, who should already now start transforming their societies accordingly.
- ▶ Achieving climate neutrality by 2050 means making far-reaching changes to the way we live today, which is why the Commission is proposing to cut greenhouse gas emissions 55% by 2030. This increased level of ambition for the next decade will put the EU on a balanced pathway to climate neutrality by 2050.
- ▶ Policy cooperation and provision of viable alternatives to fossil fuels can prove pivotal in helping partner countries reconsider unsustainable infrastructure and energy investments. Technical and financial assistance will be needed to tap into the enormous potential of a new economic model based on sustainability and climate-neutrality.
- ▶ Climate change will continue to create significant stress in Albania in spite of mitigation efforts. Strengthening the efforts on climate proofing, resilience building, prevention and preparedness in the region is therefore crucial. It should include engaging the private sector in resilience investments and developing natural disaster risk transfer mechanisms.
- ▶ A broad consensus is emerging that carbon pricing will be an important instrument in achieving climate goals. The early inclusion of the Albania in the Emissions Trading Scheme could be explored. It could be a key tool to create economic incentives for climate action and help smoothen the transition to climate-neutrality.

CLEAN ENERGY TRANSITION

- ▶ Although significant progress has been made towards improving connectivity Albania, the regional energy market is yet to be accomplished. In this sense, a regional approach to infrastructure management and planning is fundamental to deliver resource efficiency gains and reduce costs. Energy efficiency, a prerequisite for achieving decarbonisation at the lowest possible cost, must be integrated in the future energy-related policy and investment decisions. The preparation and submission of National Energy and Climate Plans and Targets will demonstrate a commitment to tackle the issue, targeting the sectors with the highest energy savings potential.
- ▶ Renewable energy sources already make a significant proportion of the electricity mix in some economies of the region. With hydropower and bioenergy dominating the picture, it is important to diversify these sources and tap into solar and wind potential. The roll-out of modern technologies needs to be accompanied by a better investment environment.
- ▶ Natural gas may also be seen as a stepping stone in the gradual decarbonisation, particularly for those partners with the heaviest reliance on coal, provided appropriate markets, financing and expertise are available. The establishment of clear standards and thresholds to qualify the transition readiness of such projects should be encouraged.
- ▶ The building sector is one of the key areas where the highest energy cost savings could be reaped. Different financial instruments (guarantee facilities, energy performance contracts, on-tax and on-bill financing) could be used to achieve higher renovation rates of both private and public buildings through attracting private finance. Digital upgrades can also improve energy efficiency of buildings by 15-25% and at the same time provide possibilities for telework, telehealth and tele-education.

SMART AND SUSTAINABLE MOBILITY

- ▶ The road, rail and inland waterway connections in the Albania is underdeveloped due to lack of sufficient investment and poor maintenance. Rail is still heavily dependent on fossil fuels with 100% of the Comprehensive Networks not electrified. The Green Agenda will be an opportunity to revisit the overall transport strategies and to promote a greener and more sustainable transport network.
- ▶ The top priority in this respect remains the revitalisation of the rail network. The Regional Rail Strategy and its action plan aim at making rail a credible and sustainable alternative to road transport.
- ▶ There should be a focus on the deployment of Intelligent Transport System solutions (ITS) aimed at making transport operations more efficient, and reducing CO2 emissions. Wide availability and use of data technologies in public transport systems has the potential to make them smarter, less polluting and customer friendly.
- ▶ Cleaner fuels and higher fuel efficiency could also help reduce the environmental and health impacts of transport in Albania.
- ▶ Charging for infrastructure use, e.g. through vignettes or electronic tolls, is another effective tool, which could be used to influence the price of transport and the demand for greener transport. It could also be a source of funding for the maintenance of the existing infrastructure.

WASTE AND PLASTICS

- ▶ The generation of waste in the Albania has been increasing steadily over the last years due to economic development and increased consumption, currently being at around 800kg/capita. While this is still lower than the EU average of 1700kg/capita, the very low recycling rates (below 3%, in comparison to the EU average of 44%) result in higher per capita amount of waste not being recycled.
- ▶ Important efforts and investments are needed to establish proper functioning waste management centres and recycling facilities, so that the countries can use the existing resources currently ending up in landfills (over 90% landfilling rate in the region) or incinerators. Albania will need to implement effective separate collection schemes for at least paper, metal, plastic, glass and bio-waste, which are key to quality recycling, and establish built-in economic incentives to reduce waste generation (e.g. pay-as-you-throw schemes) and better waste treatment (e.g. landfill/incineration charges), as well as efficient Extended Producers Responsibility Schemes.
- ▶ Albania will need to align with the single-use plastic legislation and to fully implement the modernised EU waste legislation, including its recycling and landfill reduction targets.
- ▶ The rivers in Albania carry disproportionate loads of litter to the Adriatic and to other seas. Poor practices of solid waste management, lack of infrastructure and awareness of the public at large about the consequences of their actions aggravate substantially the situation. Wastewater treatment in the region is very poor or non-existent. Litter from fishing and shipping in the Adriatic Sea further add to the problem. Marine and coastal plastic litter is a critical issue for the region where coastal tourism is an important source of income

THANK YOU



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