

Circular Economy in Western Balkans

The Western Balkans are at a pivotal moment in their transition toward a circular economy. Waste generation is increasing, while the region remains heavily reliant on landfilling and characterized by low recycling rates, fragmented governance and uneven enforcement of environmental legislation. Recycling systems, modern infrastructure, and cross-border material flows are underdeveloped, and the informal sector continues to play a significant yet largely unregulated role in waste management. Meeting EU requirements under Chapter 27 and achieving the goals of the Green Agenda for the Western Balkans (GAWB) demands coordinated policy reforms, stronger regional cooperation, improved data and monitoring systems, and a more predictable investment environment that enables private sector participation.

Our Goal and Approach

Support Western Balkan economies in building the institutional and economic foundations for regional, circular material flows. As part of the Regional Climate Partnership between Germany and the Western Balkans, GIZ works through regional cooperation, capacity development, and market-driven solutions to accelerate the shift toward circularity. We connect decision-makers, municipalities, and private sector actors along four key fields of action:

1. Enabling circular regional business models
2. Empowering municipalities to implement circular economy measures
3. Technically aligned regulatory instruments for the circular economy are introduced into national processes by the relevant national institutions responsible for waste and circular economy management
4. Innovative approaches to reducing plastic waste are established in the Western Balkans.

Germany and the Western Balkans share a common goal: building a Europe that protects the climate while ensuring prosperity and a better quality of life for all. This partnership aims to align the Berlin Process with the EU's Green Agenda for the Western Balkans, which supports the goal of making Europe climate-neutral by 2050.

Impact Across the Region

Across the Western Balkans, the circular economy transition is accelerating—driven by stronger policies, capable institutions, innovative businesses, and engaged municipalities.



Private Sector Engagement

2,200+ businesses trained
(Low Plastic Zone)

€10M+ mobilized through
develoPPP



Environmental Impact

27.3t plastic waste
reduced (Albania)

1,300t CO₂ emissions avoided
(N. Macedonia)



Infrastructure Development

1,000+ glass collection
containers distributed

90% increase in glass
collection rates



Capacity Building

560+ students in CE
Debate Championship

800+ companies in EPR
database (Albania)



Cerik Compost in Albania @GIZ

Establishing policy frameworks

Across the Western Balkans, countries are improving the legal and institutional frameworks needed for a circular transition.

Albania has taken decisive steps with a new Law on Integrated Waste Management, three Directive Implementation Plans, and a Waste Prevention Program, creating clear pathways toward EU alignment. **Bosnia and Herzegovina** has developed a Roadmap for Circular Economy and actively participates in RCC's Western Balkans Green and Circular Economy Stakeholders Platform. Legal and regulatory frameworks are being strengthened at entity and sub-entity levels to better align with EU requirements, improve resource efficiency and create better conditions for public and private investment. These policy frameworks are not merely formal obligations; they form the enabling structure for piloting circular business models, scaling recycling systems and translating strategic ambition into tangible environmental and economic outcomes.

Kosovo is making steady, systemic progress by strengthening policies, inter-municipal cooperation, and investment-ready infrastructure. Its Integrated Waste Management Strategy now includes detailed circular economy elements and recycling targets, while a sector-wide Concept Document sets the direction for long-term reform. Legal frameworks are being improved both at central and local levels to align with EU requirements and create better conditions for investment and resource use. The country is preparing for Extended Producer Responsibility systems through four implementation plans covering vehicles, electronics, batteries, and beverage containers. Practical tools—including a handbook on economic instruments and guidance on inter-municipal cooperation—equip institutions to operationalize reforms.

In **Montenegro**, the regulatory and legal framework for the implementation of EPR has been significantly strengthened. Draft regulations have been prepared for electrical and electronic waste, end-of-life tires, packaging and packaging waste, alongside the development of a Single-Use Plastics Roadmap and related bylaw. Capacity-building activities were delivered to municipalities, communal utility companies, and the business sector to support the effective establishment and operation of EPR schemes. The establishment and management of Producer Responsibility Organizations (PROs) were further supported through the development of practical guidelines and targeted advisory services, including support on registration procedures and financial guarantee requirements.



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Mobilizing the private sector

The circular economy isn't just about policy—it's about businesses making tangible changes.

Reducing Plastic Waste in Hospitality

GIZ in partnership with UNEP MAP regional center, offers a striking example through the regional Low Plastic Zone initiative, where the hospitality sector has been mobilized to significantly cut single-use plastic.



Low Plastic Zone initiative @GIZ

In 2024, over 2200 businesses across **Albania, BIH and Montenegro** received training, guidance, and visibility materials to replace plastic items and comply with EU-aligned restrictions. The results are striking: 27.3 tons of plastic waste reduced in Albania in 2024, a 77% drop in plastic mixers, 67% fewer miniature bottles, and over 50% reduction in plastic plates. Supermarkets showed the strongest reduction potential, signaling opportunities for future campaigns. Women-led businesses emerged as champions of change, and small companies proved highly responsive. Momentum continues: **Montenegro's** Environmental Protection Agency plans to expand the initiative to another 100 hospitality businesses in 2025, while regional partners, UNEP MAP scale the model to Lebanon and Morocco. In 2025/2026 in Kosovo, 750 more HORECA businesses will approach the initiative. **Albania's** private sector readiness is rising: a database of 800 companies supports future Extended Producer Responsibility (EPR) schemes, and producer

training is underway. In **Bosnia and Herzegovina**, companies receive training to identify opportunities in circular value chains, while a joint working group between chambers of commerce strengthens coordination.

Organic Waste Transformation in Wine Sector

In **North Macedonia**, an efficient model for organic waste management in vineyards and wineries has been successfully developed. Following extensive research and stakeholder consultations, a comprehensive Gap Analysis and Policy Proposal were prepared and submitted to both the Ministry of Agriculture and the Ministry of Environment and Physical Planning. The response from the wine sector has been encouraging. In the Tikveš region alone, 16 wineries have confirmed their interest in applying the business models of the piloted technology. As a practical example of the model's potential, Bovin vineyards collected 700 tonnes of grape stalks, demonstrating the significant volume of organic waste available for transformation into valuable resources.

The project piloted an innovative business technology for producing briquettes from grape stalks, turning agricultural waste into sustainable fuel. One of the main benefits of using these briquettes is the significant reduction in greenhouse gas emissions. Compared to conventional fuels, the replacement with pellets reduces CO₂ emissions by 1,245 to 1,302 tonnes annually. To support wider adoption, five different business models have been developed and shared with interested stakeholders. The models have generated considerable interest among small-scale producers, with 16 small wineries and local farmers expressing their willingness to choose and implement one of the proposed approaches.



Tikveš Vineyards @GIZ



The Pilot Briquettes @GIZ

Industrial Symbiosis and Business Development

In **Serbia**, the Chamber of Commerce and Industry (PKS) has become a key partner to GIZ in the circular transition. A new generation of CE consultants—trained in economic, technological, and financial dimensions of circularity—now support SMEs in redesigning processes and developing tailored Circular Economy Strategies. Sixteen companies have completed the program, with several results to strengthen partnerships with EU buyers. Over 100 companies across Subotica, Valjevo, and Kruševac received targeted training adapted to regional industrial profiles. Awareness is rising media campaigns and high-level roundtables on topics such as carbon markets and greenwashing prevention contribute to a more informed and responsible business environment. Beyond training and strategy development, Serbia's circular transition is being accelerated through the develoPPP program—a public-private partnership initiative established by BMZ and implemented by GIZ. Over the past decade, the program has mobilized more than 10 million euros in joint investment (over 5 million from the private sector alone) across 11 projects involving 20+ companies. Results include improved recycling systems for packaging, electronics, and glass waste, food waste treatment solutions, and cement industry integration through co-processing of municipal waste as alternative fuel. Current initiatives are introducing Deposit Refund Schemes (DRS) and modernizing End-of-Life Vehicle (ELV) management, building a resource-efficient industrial landscape across the region.

Bosnia and Herzegovina is fostering new business models through targeted innovation formats—such as hackathons, pilot initiatives, and the Lab of Tomorrow—complemented by a guideline on circular business models developed with the University of Sarajevo. Together, these initiatives help build the institutional, municipal, and private-sector capacities to translate circular economy principles into practical, scalable and sustainable solutions.

Building infrastructure and fostering innovation

Policy and private sector engagement need physical infrastructure to succeed, and that infrastructure is being built. **Albania** is leading with circularity on the ground: fifteen municipalities are introducing composting facilities and Material Recovery Facilities, eight already operational, with a multifunctional center planned for 2026. Energy audits at wastewater treatment plants and upcoming photovoltaic installations promote resource efficiency. Institutional capacity is growing through a new reference laboratory at the Agricultural University of Tirana that advances sludge, soil, and compost analyses. Albania's nine CE competitions attracted nearly 300 applications, awarding 34 SMEs and startups and creating 25 new green jobs, including several women-led initiatives. Platforms like CircularHub.al foster a growing circular ecosystem. In **Bosnia and Herzegovina**, municipalities are steadily strengthening their capacities to introduce waste separation, improve the quality and coverage of waste services, and engage more effectively with EPR schemes. Partnerships with German municipal utilities are playing



Education for partner companies and consultants @GIZ



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a key role in this process, providing hands-on technical expertise in operational efficiency, service management and resource recovery. Innovation is thriving across the region **Kosovo's** investment-ready infrastructure is emerging. Intermunicipal Integrated Waste Management Plans have been approved for two major regions, enabling coordinated collection and recycling services. Several Civic Amenity Centers and a composting plant have been matured for investment. Analyses of construction and demolition waste identify opportunities to recover valuable materials. The production of glass packaging from primary sources is highly energy-intensive. To effectively reduce energy and natural resource consumption, circular economy principles must be applied throughout the entire system. The packaging waste management system involves multiple actors: producers, importers, and packers who place products on the market; collection networks comprising companies and utility providers; and recyclers who transform waste materials into new products. Through the Extended Producer Responsibility (EPR) system, these actors report via System Operators to the national Environmental Protection Agency or relevant line ministry on packaging placed on the market, as well as collected, recycled, exported, and disposed packaging waste. GIZ is implementing a regional initiative that has achieved significant results. A common challenge across **North**

Macedonia, Serbia, and Bosnia and Herzegovina is that none of these countries currently possess glass recycling facilities capable of producing final products. Primary collection of waste glass packaging at the local level has only recently begun, and few utility companies have the necessary infrastructure for separate glass collection.

To address this gap, GIZ procured plastic bell containers (igloos) for glass packaging collection in two sizes: 1.3m³ and 1.5m³. The impact has been remarkable—collection rates have increased by 90%. More than 1,000 containers have been purchased and distributed to pilot municipalities: 800 in Serbia (600 initially, plus an additional 200 following project expansion), 320 in North Macedonia, and 200 in Bosnia and Herzegovina.

Additional highlights: knowledge, cooperation, and regional impact

Beyond infrastructure and business engagement, knowledge building is strengthening the foundation for long-term change. **Albania** has engaged over 560 students in a nationwide Circular Economy Debate Championship, raising awareness among the next generation. New CE training modules strengthen public administration, while a real-time digital data system improves evidence-based decision-making.

Regional cooperation is accelerating the transition. **Bosnia and Herzegovina** actively participates in regional CE platforms under the Green Agenda for the Western Balkans, connecting national efforts with broader regional momentum.

These diverse efforts show that the circular transition is not the work of any single country or sector, it's a regional movement built on cooperation, shared learning, and practical action.



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Lessons Learned

Working across the Western Balkans has taught us some powerful lessons about what drives circular transition:

- **Regional cooperation unlocks doors that stay closed when economies work alone.** Cross-border platforms create opportunities—Montenegro's Low Plastic Zone is now scaling to Lebanon and Morocco, while Serbia's industrial symbiosis connects companies across borders.
- **Municipalities are where circular economy becomes reality.** Local governments build composting facilities, run Material Recovery Facilities, and convince citizens that waste separation matters. When we invest in their capacity, they become powerful agents of change.
- **The private sector moves faster when circularity feels like opportunity, not obligation.** Over 2,200 HORECA businesses reduced single-use plastics not because they had to, but because it aligned with sustainable standards. Serbia's 16 companies developed circular strategies to strengthen EU partnerships. When businesses see the value, transformation accelerates on its own.
- **Women-led businesses aren't just participating—they're leading.** Gender-responsive training programs deliver more inclusive, creative, and effective results.

Looking Ahead

The Western Balkans are shifting from scattered pilots to coordinated regional action. As EU accession approaches, circular economy is no longer optional—it's essential. What comes next:

- **Scaling what works** – Low Plastic Zone and Albania's composting facilities proven; now replicating across borders
- **Getting EPR systems right** – Infrastructure for producer responsibility is being built now
- **Opening cross-border material flows** – The region needs to trade recycled materials as easily as conventional products
- **Deepening partnerships** – Public and private sectors mobilizing investment together
- **Building utility partnerships** – Sarajevo and Hildesheim utilities joining forces to strengthen collection, boost recycling, and reduce landfill dependency through practical German expertise

Together with our partner governments, chambers of commerce, municipalities, businesses, academia and civil society, we're building a Western Balkans where resources are valued, waste is minimized, and circular economy solutions drive prosperity.



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