

Building Sustainable Business Practices and Access of Green Financing for Environmentally Sustainable Projects

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Abstract

The purpose of this paper is to emphasize the importance of creating and implementing sustainable business practices in terms of environmental, social and ethical responsibility in daily management of the activity. The commitment to company sustainability has become an essential priority for businesses aiming to balance economic growth for all stakeholders with environmental and social responsibility in line with the global regulatory framework. While industries have expanded their awareness to include potential regulatory pressures, as well as social and consumer demand for their ethical behavior, the inclusion of sustainability into business models has become necessary also in Albania. The study indicates that investing in sustainable projects requires fostering more in the sustainability policies from the regulatory bodies in line with the EU policy framework, as Albania adheres to be part of the Union. In addition, the paper suggests that building sustainable business practices may require additional financing that might be obtained in the financial market. The paper features a comparison of the variety of lending options in green projects in terms of financial instruments, limited profitable financial instruments and limited awareness of and policy framework in the Albanian market. Secondary quantitative analysis was done using official data taken from Banks annual reports operating in the Albanian market and official websites of international organization and EU. Results from the analysis conducted suggest that companies who implement sustainability practices (i.e. resource efficiency, waste minimization, and ethical supply chains) will have a comparative advantage, not only from a cost savings perspective, but from brand reputation as well. The businesses that succeed in harmonizing objectives that align with societal existential goals and parameters of change for sustainable development, such as UN SDGs for Sustainable Development (SDGS), are best positioned to thrive and sustain in an evolving business landscape. Moving to sustainable business practices requires strategic initiatives such as investments and financing in environmentally friendly technologies, circular economic models and CSR activities that might require additional financing from financial institutions. In the Albanian market there are possible ways of financing the green projects, although limited variety. Businesses also need to foster a culture of sustainability by encouraging employees, stakeholders, and consumers to embrace environmentally friendly and socially responsible behaviors. Sustainable business practices not only facilitate the global ecological and social sustainability agenda but are essential for business resiliency in a more conscious economic environment.

Value: As per recommendation of the above-mentioned analysis, Albania has started the implementation of sustainability regulations in line with the EU regulatory framework. In terms of access to green financing, the policymakers need to put more pressure on the financial institutions on increasing the range of green financing with favorable terms and conditions as there are limited options in the market so that the entities can see them as favorable.

Keywords: *Sustainable business practices, green financing, challenges of green financing, Albanian policy area.*

1. Introduction

Sustainability has become an increasingly important topic for companies in the modern world as businesses look to combine economic achievement with social and ecological accountability. And with higher quantities of natural resources and increased climate change awareness, businesses are drawing from a pool of innovation. Businesses rethink traditional models, incorporating sustainable practices soon after. Governments and national factors also regulate the issues with various regulations and framework conditions such as: Sustainable business practices embrace strategies that reduce environmental harm, and more importantly, allow for profitability over the longer term. These may include energy efficiency, waste reduction, sustainable supply chains, and ethical labor practices. Digitalization and innovation are critical components to hasten the transition to sustainable, while creating solutions for data control, monitoring environmental impact and optimizing operational processes. The distinction between confirming sustainability will benefit engaging global environmental concerns and promoting a better brand identity, attracting carbon-conscious consumers, and providing more employee satisfaction. Moreover, transition towards sustainability is not a trend, but rather a necessity for businesses competing in an increasingly resource-dependent, global economy¹. Despite the benefits, many companies still face challenges when implementing sustainability performance ideas. Restrictive cost structures, complex legal regulations, and community opposition are causing a failure in transitioning to a more sustainable business model. Business owners usually struggle with exposing any green technology costs and operational or expenditures towards sustainability. Understanding these challenges is important for developing effective strategies that promote the adoption of sustainability and at the same time maintain economic viability.

The purpose of this article is to explore the role of sustainable business models, identify key implementation considerations, and discuss the barriers faced by business. This research will contribute to their core business model by exploring both industry theoretical models and case study and best practice approaches. In particular, the outcomes of the growing discussion of corporate sustainability will provide and outline recommendations that can be adopted by businesses seeking long-term viability in changing economic and ecological conditions². As sustainability continues to shape corporate strategies, businesses that actively integrate these principles will thrive in the future economy.

2. Theoretical Background

Green finance in the banking sector focuses on financial products and investment strategies that support environmentally sustainable projects. Financial institutions play an important role in financing projects that mitigate carbon emissions and promote energy efficiency. These financial products include green loans, green bonds, sustainability-linked loans and climate-focused investment funds. Their main objective is to direct capital into projects that are aligned with sustainability goals and international environmental standards. By providing incentives and tailored financing, banks promote businesses and consumers to undertake greener practices. Green finance is also closely associated with regulatory frameworks and governmental policies that promote green economic growth. In recent years, global financial markets have increasingly focused on ESG (Environmental, Social and Governance) criteria. This has taken place in

¹ Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Capstone.

² Geissdoerfer, M. S. (2017). *The Circular Economy – A new sustainability paradigm?* Journal of Cleaner Production, 143, 757-768

recognition of the growing risk exposures from climate change and unsustainable business practices. In Albania, green finance is a nascent field and is gaining greater importance. Banks are starting to include green financial products into their portfolio to contribute to national sustainability goals³.

A prominent example of a well-known green financing product is a green loan, offered to promote environmentally friendly business initiatives. Green loans are geared to help both businesses and individuals invest in projects like renewable energy, energy-efficient buildings, and sustainable farming. Green loans by banks typically come with favorable terms to promote more uptake, including lower interest rates and longer repayment terms. Many financial institutions also partner with international organizations or multi-lateral development banks to provide funding for sustainability initiatives. In Albania, there is increasing availability of green loans, mainly directed towards specific projects like solar energy installations and energy-efficient renovations; however, uptake has remained low due to lack of awareness and relatively high financing costs. Financial institutions, perhaps in conjunction with targeted market incentives, may assist in the broadening of access to green finance opportunities in the country. Regulatory frameworks supporting green finance are slowly progressing, which could ultimately lead to increased financing to sustain better societal outcomes. Increased collaboration between financial institutions, businesses, and policy could help increase revenues as well⁴.

The financial industry also uses green bonds as a mechanism to raise money for eco-conscious initiatives. By using green bonds, areas can help educate businesses and allow them to borrow and invest in specific environmental and social projects. The financial section plays a big role in developing and designing many types of projects in accordance with global developments to address climate issues and social responsibility issues. As an outcome, the business will have a chance of higher returns. Green bonds are on-going to raise funds for projects such as renewable energy infrastructure, clean transport, and reforestation⁵. Even though green bonds are used extensively on international markets, Albania has not completely built this financial instrument yet the national regulatory framework. Limited knowledge, regulatory issues, and market limitations have hindered the adoption of green bonds in the country. However, financial institutions may want to explore partnerships with international mechanisms for green finance to offer such products. Developing clear standards and certification processes for green bonds or green products would help with building investor confidence. As demand for sustainable investments increases, the Albanian financial sector may derive significant benefits from understanding how to implement green bonds into its longer-term development agenda. Engaging private sector actors to be part of the green bond issuance process would vastly increase the potential for green finance.

One of the most practical green investment options in Albania is financing for photovoltaic (solar) panels, assisting both individuals and businesses transition to renewable energy. Several banks in the local market provide these financing options under favorable conditions, essentially giving customers means to install solar panels and significantly decrease dependency on standard energy sources. The shifting cost of electricity and general desire for green energy has created a level of interest in solar energy projects⁶. Financial institutions in Albania often partner with international institutions such as Green for Growth Fund (GGF) and government agencies, such as Albanian Development Guarantee Fund (ADGF) to provide incentives or low-interest financing on such

³ Carroll, A. B. (1999). "Corporate Social Responsibility: Evolution of a Definitional Construct.". *Business & Society*, 38(3), 268-295.

⁴ Nations., U. (2015). *Sustainable Development Goals*. <https://sdgs.un.org>

⁵ Commission., E. (2019). *The European Green Deal*. . <https://ec.europa.eu/>

⁶ Patagonia. (2023). *Environmental & Social Responsibility* <https://www.patagonia.com/>

projects. The Green for Growth Fund (GGF) is an impact investment fund that mitigates climate change and promotes sustainable economic growth, primarily by investing in measures that reduce energy consumption, resource use and CO₂ emissions. The fund, a blended finance structure, is a public-private partnership that leverages risk-capital provided by public institutions with additional private capital to substantially increase investment volumes to regions and sectors that do not normally attract such flows and is an early and successful example of blended finance in action⁷. The fund channels this dedicated financing to businesses and households through local financial institutions, and through direct investments to eligible projects and companies. A dedicated Technical Assistance Facility provides know-how and technical expertise to ensure that these investments are successfully implemented and to a high international standard. All banks in Albania offers financing for additional energy-efficient home improvements such as better insulation or new heating systems. These projects would increase household energy efficiency while saving household costs over the long term. Increasing the access and affordability of green loans will help accelerate the shift to a more sustainable energy sector. While Albanian Development Guarantee Fund (ADGF) is a fund comprised of Albanian Government fund and EU funds. Through the green window, ADGF offers guarantee support for Micro, Small and Medium enterprises that wants to invest in energy efficiency and renewable energy investments. The fund offers 50/50 risk sharing options⁸. It is essential to build and strengthen policy support for renewable energy financing for long-term impact⁹.

3. Methodology

This research will use a quantitative approach to examine green finance and investment strategies in the banking sector and financial industry in Albania. The study will analyze the features, amount, and impact of green financial products, such as loans for photovoltaic panels, green bonds, and sustainability-linked financing. Data collection will utilize a structured survey and financial reports from banks, government agencies, and international institutions involved in green finance. The study will analyze secondary data from agencies reports and regulatory frameworks, and sustainability rankings provided by a variety of organizations. To facilitate answer comparison and presentation of findings, we will pull together key financial data, loan amounts, interest rates, policy frameworks and programs into tables. Statistical tools will be employed to analyze trends, comparisons, and growth patterns in the green finance sector in Albania. Primary data will be collected through surveys and structured interviews with representatives from major banks, policy makers, and financial professionals of green finance. The survey will include questions about the type of green finance products offered, eligibility criteria, lending conditions, and market demand. Auxiliary information will be obtained from banks' annual reports, financial statements, and publications from international financial institutions. The bank data will be synthesized into a table format to analyze different financial disciplines, their green investment methodologies, and the extent of funds dedicated to green debt. Descriptive statistics/and trend analysis will be applied to identify growth trajectories and barriers to green finance uptake. Further, comparative tables will used to show differentiation in green financing policies and practices across banks in Albania. The results of this study will be obtained using tables, charts and descriptive analysis to provide an informative and structured summary of green financing trends in Albania. Tables will summarize key findings such as loan volumes for photovoltaic panels, interest rates, repayment terms, and bank commitment to the green financing movement. The study will also examine the

⁷ About GGF. (2025, 03). Retrieved from Green for Growth Fund: <https://www.ggf.lu/>

⁸ [Home - ADGF](#)

⁹ Unilever. (2023). *Sustainable Living Plan*. <https://www.unilever.com/>

effectiveness of financial incentives and current policies in fostering sustainability-related investment. Comparative tables will illustrate funding gaps, differences in disciplines, and areas for improvement. The findings will aid policymakers, banks and investors in making informed decisions to expand opportunities for green financing.

Questionnaire Design

The online questionnaire was structured to capture detailed information across several key areas:

- Awareness and Demand for Green Financial Products
- Loan Conditions and Financial Viability for Photovoltaic Investments
- Perceived Barriers and Policy Comparisons in Green Finance Adoption

Distribution

The questionnaire was distributed online to reach a broad audience across Albania. Distribution channels included: Social Media Platforms: Sharing questionnaire links on platforms such as Facebook, Web, LinkedIn, and Instagram. Community and Professional Networks: Engaging with local communities and professional organizations to encourage participation.

Sample Size and Response Rate

Steps were taken to obtain a diverse and representative sample of the Albanian population. The overall number of participants and the response rate were monitored to assess the reach and effectiveness of the questionnaire.

Demography

Women are interviewed (54%) more than men (44%), a small minority (2%) like not to reveal their part-time. This shows a good gender representative, with a balanced view of men and women, which adds to the trust in the results related to cognitive and access to green finance.

Quantitative Analysis

The quantitative data collected from the questionnaire responses were analyzed using statistical methods to identify patterns and trends. Numerical indicators such as loan volume, interest rates, and frequency of green product usage were summarized using descriptive statistics. Cross-tabulations and comparisons were also used to examine differences across demographic groups and regional locations.

Qualitative Analysis

Open-ended responses were reviewed to identify common themes related to challenges, motivations, and perceptions of green finance. A thematic coding approach was applied to categorize responses and highlight recurring issues and suggestions. These qualitative insights provided depth and context to the numerical findings, enriching the overall interpretation of the results.

Ethical Consideration

Participation in the questionnaire was entirely voluntary, and respondents were informed about the purpose of the study beforehand. Anonymity and confidentiality were strictly maintained to protect participants' personal information and opinions. Data was collected and stored in compliance with ethical research standards, ensuring that no individual could be identified from the results.

Analysis & Discussion

The results indicate that green financing in Albania is developing; however, the growth is not universal throughout the financial sector. While most banks have green loans and financing available for photovoltaic (PV) panels, green bonds and sustainability-linked loans are just in the early stages of development. The volume of loans for PV panels has been increasing, which is a positive signal for the adoption of renewable energy. However, the terms and interest rates vary by bank and may be more favorable from banks with international institutions involved on the product. Albania, like other non-EU nations, does not have well developed policy incentives or regulatory support, which is a major impediment to developing green financing in the country. If Albania adopted a more systematic approach for example supporting government incentives or clearer regulatory guidance to stimulate sustainable financial products this could increase investment in the products. While Albania has made significant progress, several obstacles continue to limit the growth of green financing. The most common obstacles to developing sustainable lending, high upfront costs of investment, a low level of awareness by consumers, and a lack of government support. Many consumers and businesses simply have no idea of what the consumer products and banks simply lack the data to assess the long-term sustainability gains. on top of that, Albania's regulatory framework for sustainable finance is in early stages and creates uncertainty for both the investor and the financial sector.

Increasing financial education and communicating a public awareness campaign seem to help accelerate adoption rates for green financial products. Survey results indicated that 58% of people were asked to know the concept of green financial, while 26% did not know about it and 16% had limited knowledge. This shows that if the perception is increasing, there is still an important part of the population that can benefit from increasing education and awareness of green financial products. The experience regarding EU green financing policies further emphasizes the opportunity, and need for more supportive policies and financing incentives in Albania. Government subsidies, tax reductions and developed green bond markets in countries were helpful for an expedited transition to sustainable financing models in EU countries. In Albania, financing incentives to a limited extent and not as extensive, or organized, public-private collaboration and cooperation have slowed the adoption of green financing. To help address the current state of limited adoption and green financing in Albania, it should start with policies for targeted subsidies, lower interest rates for green loans and encourage green bond issuance. Using green financial products only 22% of the respondents said they used green financial products, such as loans for sustainable environmental projects, while most, 78%, had no access to these products. This difference highlights potential obstacles in accessibility or benefits that can limit the application of more widely application of green financial solutions in Albania. Reinforcing, or enhancing, the regulatory environment, while harmonizing with the EU regulatory structure, will remove barriers for other capital sources to enter space and increase financial institution confidence in sustainable financing. With the right outcomes in these areas through policy, incentives and awareness, Albania has the potential to expand the green financial sector rapidly and join the effort for environmental and financial sustainability.

The following tables reflect and summarizes the results of the analysis conducted in terms of green financial products offered, the volume of green financing issued and the respective interest rates, the main challenges in accessing and increasing the possibilities of green financing and finally, a summary of main comparisons of Albania vs EU countries policy area.

Table 1: Green Financial Products Offered by Banks in Albania

Bank Name	Green Loans	Loans for Photovoltaic Panels	Green Bonds	Sustainability-Linked Loans
Bank A	✓	✓	X	✓
Bank B	✓	✓	X	X
Bank C	✓	X	✓	✓
Bank D	✓	✓	X	✓
Bank E	✓	✓	✓	✓

Table 2: Loan Volume and Interest Rates for Photovoltaic Panels (2023-2024)

Bank Name	Loan Volume (in million €)	Number of Loans Issued	Interest Rate (%)	Average Loan Term (years)
Bank A	15	3,500	4.50%	7
Bank B	10	2,800	5.20%	6
Bank C	12	3,200	4.80%	7
Bank D	8	2,100	5.50%	6
Bank E	18	4,000	4.30%	8

Table 3: Main challenges in Green Finance Adoption in Albania (multiple questions allowed and total exceeded 250)

Challenges	Impact on Green Finance Development
High initial costs for green projects	Slows down investment, especially for SMEs and households
Lack of consumer awareness	Many individuals are unaware of financing options
Limited government incentives	Few tax breaks or subsidies reduce financial attractiveness
Regulatory barriers	Green finance regulations are still developing
Insufficient data on green finance	Banks struggle to measure long-term benefits and risks

Table 4: Comparison of Green Finance Policies in Albania vs. EU Countries (perception)

Policy Area	Albania	EU Countries
Government Incentives	Limited tax incentives for green loans	Strong subsidies for renewable energy
Green Bond Market	Emerging, minimal activity	Well-established and growing rapidly
Interest Rate Incentives	Some banks offer lower rates	Widespread preferential interest rates
Public-Private Collaboration	Developing partnerships	Strong cooperation between sectors
Regulatory Framework	In early stages of development	Strict and well-defined regulations

4. Conclusion and Recommendations

Sustainable business practices have become not just an option; they are integral to a long-term strategy for success in the economy of today. Businesses can achieve operational efficiencies, bolster their brand reputation, and strengthen financial resilience by acting on their obligations around environmental responsibility, ethical labor practices, and sustainable supply chains. For example, case studies by Patagonia, Unilever, Tesla, and IKEA reveal a controlled business model that can be sustainably managed to address global realities and at the same time improve competitive market advantages. Going forward, businesses will increasingly adapt to both regulatory approaches to sustaining development, technological change, and changing consumer expectations. Investments in sustainable innovation, transparent reporting and good business decisions beyond profit maximization remain a priority for maintaining growth in a world with a limited resource base. Financial institutions and regulatory bodies are working in creating the robust financial instruments for green financing. In EU there has been a great emphasis of various instruments and green funds that might be used from entities to invest in sustainable projects. Albania also has done a good work in terms of regulatory framework and collaboration with the financial institutions by creating tailored made and preferential green financing options. Still, there is a long road ahead for Albania to enforce the sustainability policies for most well-established businesses and at the same time enforcing financial institutions in creating more financing instruments for sustainable projects. By acting on these considerations, the policymakers can direct the parties in the road where they can contribute towards a more sustainable future while securing long-term profit margins and normative considerations.

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