Frugal Innovation complements PREMA in Albania.

"Frugality is a mindset to transform mainstream production and consumption into circularity and sustainability".

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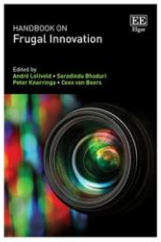
Balance Center developed a new podcast "Sparkle" (Shkëndija), as an innovative format which will allow discussing innovative ideas and trigger (co-generation of) action towards circularity of production and service , as well as business models.

Sparkle provided a 2 hour session on Frugal Innovation (FI) which briefly discussed the origins, the basic elements, applicability and usefulness of Frugal Innovation thinking for Albanian Start-ups and MSME, especially in agro-related businesses. Participants also applied FI criteria in 2 practical exercises to their own business reality.

Where the Frugal Innovation idea comes from

International Centre for Frugal Innovation (ICFI)

- **Mobilize researchers from 3 universities**
- **Teaching a Minor on Frugal Innovation with students that do internships in multidisciplinary teams**
- **Partnerships with Hubs in India and Kenya**
- **New funding 2025-2029 to develop frugal innovation labs**



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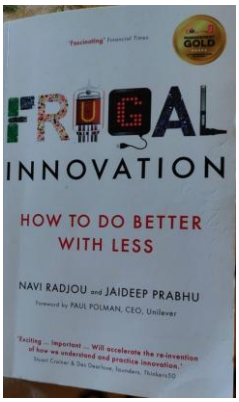


London 2015 / 2016

"It's time not just to make do, but to make amends." Nature editorial (Dec 2023), on an approach policymakers, scientists and journals have long neglected – Dr. Peter Knorringa, EADI

What is Frugal Innovation: Doing more and better with less

A type of innovation that uses ingenuity and skills to create a

quality, low-cost product or service

that potentially benefits a huge number of people – especially those who could not afford the conventional solution.



Sparing, thrifty



Careful use of resources, more renewables



Simple and smart



Smart use of digital tools

Why it matters: frugality is a mindset

Affordable and accessible

Develop products and services that more people can buy – with high functionality, not fewer essential features, and less environmental impact

Re-value what already works

Many existing local practices are already frugal and sustainable. Un-learn extractive and wasteful ones.

Start local, co-develop

Work with clients and communities on smart solutions to their real problems – and use fewer and renewable resources while doing so.

Frugality is a mindset to transform mainstream production and consumption into circularity and sustainability

Who innovates frugally? Three types

1

Firms

Develop frugal innovations to make profits, enter new markets, and make the business more resilient

e.g. a dairy selling cheese in smaller, cheaper, environment-ally-friendly packs

2

NGOs & social enterprises

Often donor-funded, to address societal challenges.
(esp. healthcare and energy)

e.g. a shared cold room for a women's cooperative

3

Individuals & communities

Solve their own bottlenecks – grassroots or 'jugaad' innovation (i.e. quick fixes).

e.g. a farmer building a solar dryer from old windows

The Frugal Innovation Checklist discussed

1	**Core function first**	Cut features the client does not need – no over-engineering, consider environmental impact
2	**Low cost, high function**	Affordable for the client, still good quality, long user time
3	**Fewer, cheaper, local inputs**	Less material, energy, water, fuel and time, and waste for disposal, recyclability
4	**Simple to use and maintain**	Little training, little infrastructure needed, repairable and reusable
5	**Use what already exists**	Existing networks, vehicles, places – and by-products and Non-Product Output (= everything not part of the desired product)





Look for frugal options on four levels

Product / service

What can we simplify, standardise or leave out?

Process

How can we use less time, fuel, energy and material, and generate less “waste”?

Business model – clients

Can the client do part of the work, pay differently, or come to us?

Business model – providers

Who already drives, stores or collects – and could share with us?

Use the 5 frugal criteria as your filter: smart · low cost · fewer and local inputs · easy to use · reuse what exists

Watch out for the rebound effect



5% better fuel efficiency …

2% … but only less fuel used

= 60% rebound: people drive faster and further.

1. **Direct** — The cheaper good is used more often (substitution effect)
2. **Indirect** — Money saved is spent on other goods – less fuel, more flights (income effect)
3. **Economy-wide** — Lower costs boost growth and overall unsustainable consumption
4. **Mental** — ‘My car is green, so I can drive more’ – moral self-licensing

Efficiency is not enough – add sufficiency

Efficiency

Doing things right

Less input per unit of output

- Less water per kg of tomatoes
- Less fuel per delivery
- Less energy per litre of milk
- Less waste and Non-Product Output per unit of output

Sufficiency

Doing the right things

How much *and what* do we – and our clients – really need?

- Right-sized portions and packs
- Repair, share and lend instead of selling more
- Use of renewable resources (inputs, packaging etc.)
- Finalize your product/service to order, not to unnecessary storage

The 10R ladder: start at the top

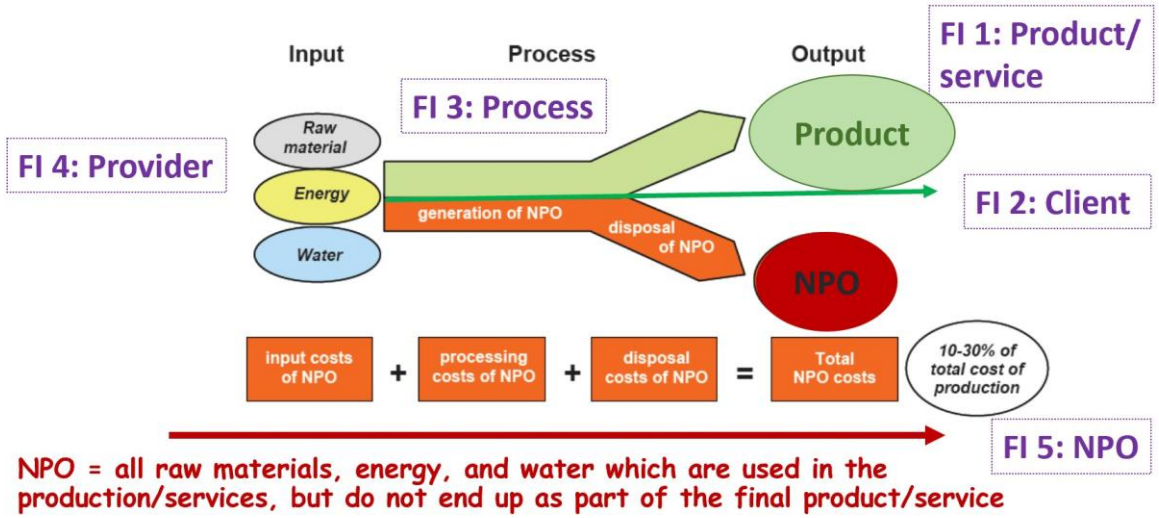
R0	**Refuse**	Drop what is not needed	R5	**Refurbish**	Restore and update
R1	**Rethink**	Use more intensively, share	R6	**Remanufacture**	Parts into new products
R2	**Reduce**	Fewer inputs per product	R7	**Repurpose**	Same material, new use
R3	**Reuse**	Second user, same purpose	R8	**Recycle**	Recover the material
R4	**Repair**	Keep it working	R9	**Recover**	Energy from what is left

▲ More circular

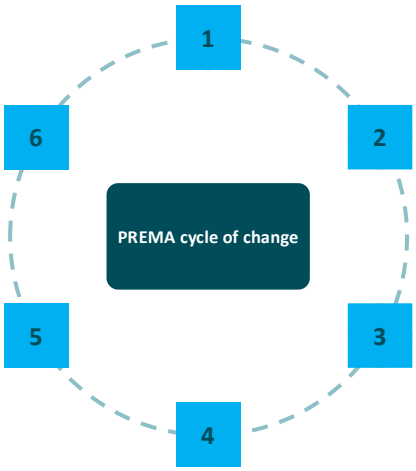
- Smarter use & design
- Longer life
- Useful use of materials

Frugal innovation lives at the top. NPO/Waste-to-value starts from R7 down.

Options for Frugal Innovation in the Production / Service Process and Business Model



How to start Frugal Innnovation: the PREMA cycle of change



1. **Analyse problems & potentials**
   Where are we losing money, time, material because of Non-Product Outputs?
2. **Analyse actual effects**
   Economic, environmental, organisational, risk, social
3. **Find root causes**
   Why does it happen?
4. **Develop measures**
   Expected 4 effects and required resources
5. **Implement the action plan**
   Mobilise the resources needed
6. **Evaluate & integrate**
   Results, KPIs – then start again

For further Information https://ideabalance.al/en

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