



# Stakeholders' Engagement in CE Approach on the Built Environment, Albania Case

Xhesila Nano<sup>(✉)</sup> and Dorina Kripa

Faculty of Economy, University of Tirana, Tirana, Albania  
xhesila.nano@gmail.com

**Abstract.** Circular economy principles remain relatively new tendencies in Albanian economy sectors, with some attempts throughout recent years, and until now, little research has been done in this aspect, especially in the construction sector. As the construction sector is connected with other sectors of the economy, its development or slowdown affects the indicators of other sectors. Moreover, this sector possesses numerous challenges, as special attention is needed on the impact that the momentum of construction and the expansion of the real estate market can have on the stability of the financial sector. Integrating the circular economy into the construction sector means understanding the role of stakeholders, their interactions, and the influences they can exert on the process itself, by adding value in each step of this chain process. By categorizing different groups of stakeholders and analyzing their activity regarding the circular economy approach in the construction sector in Albania, this paper presents a clear overview of what has been done until now, the consequences and benefits of these attempts, and also what can be improved in the future. The stakeholders' theoretical analysis has shown that the relation between different stakeholders presents difficulties in cooperation, although these groups aim towards mutual objectives and goals. In this context, Albanian economy presents difficulties, as this approach is widely influenced not only by political decisions, but also by cultural and financial matters, making it more challenging to make progress.

**Keywords:** stakeholders · construction · circularity economy · sustainability · policies · environment

## 1 Introduction

Circular economy (CE) is a system where materials never become waste and nature is regenerated [1]. Furthermore, circular economy can be defined as a system operating at micro-meso-macro levels, focusing on the 4R of reducing, reusing, recycling, and recovering materials in production consumption activities, aiming to achieve sustainable development, enabled by business model innovation and responsible consumers, and supported by the quadruple helix collaboration [2]. In this context, CE has its fundamentals in sustainability effectiveness and long-life products by creating a closed loop, while linear economy is based on the concept take-use-dispose. The circular approach changes the way in which value is created and preserved, how production is made more sustainable

and which business models are used. Another difference on these two types of economy is sustainability. Within a linear economy, the focus is on eco-efficiency, which means trying to minimize the ecological impact to get the same output [3]. Within a circular economy, sustainability is sought in increasing the eco-effectiveness of the system, where not only the ecological impact is minimized, but that the ecological, economic, and social impact is even positive [4].

The transition from linear economy towards circular economy possess numerous challenges starting from the possible lack of information that the involved parties may have, up to technological costs needed for circular approach implementing. In Albania, methods of recycling and reusing products or certain inputs were present since the '60s [5]. After the '80s, the first circular approach attempts were seen because of the economic difficulties that the country was experiencing. When researching the related literature, it is concluded that the circular approach is used on some specific businesses/sectors such as recycling, waste management, olive oil producing, etc. [5].

Special focus has been given to environmental protection nowadays, due to the inherited problems with environmental pollution. Being part of the European Union (EU) is an early aspiration of Albania, starting from Thessaloniki European Council summit in June 2003, when Albania, together with other Western Balkan countries, was identified as a potential candidate for EU membership. Since then, numerous and continuous attempts have been made to achieve the requirements for improvement grouped in six clusters by the European Commission. Each negotiation cluster contains different policy fields called chapters. Cluster 4 "The Green Agenda and Sustainable Connectivity" covers transport (Chapter 14); energy (Chapter 15); trans-European networks (Chapter 21); and environment and climate change (Chapter 27). While Albania has made some progress in the areas of transport and energy, limited progress was made in the areas of environment and climate change [6].

Construction is an industry that contributes negatively to the environment and ecosystem as according to previous studies construction and demolition waste accounts for 30% of total waste produced globally [7] with an estimated average of more than 35% of all construction and demolition waste disposed in landfills annually [8]. During 2022, Albania shifted gradually away from agriculture towards construction, manufacturing and services. In 2022, the construction sector's share in gross value added increased to 11.2% in 2022, approximately 1 pp higher than its average in 2015–2019 [6]. In this context, the construction industry is contributing towards the economic growth of Albania as one of the most influencing sectors, even though the population is shrinking according to the data of Institute of Statistics [9].

As in every other industry, different groups show interest on the construction industry, its development and its impact. These groups, defined as stakeholders, are affected or can affect the achievement of construction businesses' objectives [10]. Regarding the construction industry importance in the Albanian economy, and on environment and pollution, this paper gives an overview of different groups of stakeholders and their activity by presenting what has been done until now, the consequences and benefits of these attempts, and also what can be improved in the future.

## 2 Literature Review

A review of the existing foreign and Albanian literature has revealed that most publications related to CE in the built environment together with its components are from European and Asian countries [11, 12], and to the best of the authors' knowledge, no studies are concerned to the state of practice of circular construction in the built environment in Albania. Thus, this study will provide new information regarding stakeholders and circular approach on the construction industry in Albania.

A detailed overview of previous studies has revealed that research interest in stakeholder management has turned to the descriptive approach. Through a critical qualitative review of stakeholder management process defined in the existing literature, three main problems of previous studies are identified: very few methods and tools are available to identify all stakeholders and their interests; limited studies involve the change management about the stakeholders' influence and relationship; and few studies are capable of reflecting the influence of the entire relationship network in practice [13].

Previous studies group stakeholders in different categories: internal - which directly influence the project, and external stakeholders - which indirectly influence the project [14]; primary stakeholders – which interact on daily basis over major activities, and secondary stakeholders – which interact with the project unexpectedly depending on the project's stage [15]; according to their engagement: senior management, project core team and project recipient stakeholder groups [16]. The project's dependence on internal or external stakeholder need not be ignored, as project manager, client and consultants were found to have maximum influence on project spheres [15]. Therefore, they can be grouped during strategic planning early on Project Life Cycle.

Moreover, during the qualitative review of existing literature, was observed that Project Management Consultancy is identified as the key stakeholder which makes the project successfully completed [14]. An empirical study conducted that if other stakeholders are managed adequately, the quality of the project improves, costs can be controlled and the timeline factor can be assessed and improved, leading to a successful completion of the construction project [14].

Other studies demonstrate that the application of circular strategies is dependent on external factors, collaboration, and synergy between stakeholders [17, 18], while the collaboration throughout the whole value chain process is essential for developing a fully circular built environment [19]. To drive towards sustainable development, implementing circular principles in construction projects by connecting stakeholders has become a priority [20]. As per above, the existing literature concludes that stakeholders play an important role on the construction sector, especially in construction projects, whilst their impact is meaningful for these projects.

## 3 Methodology

In this paper, primary data was gathered using face to face interviews conducted with different groups of stakeholders of the construction industry. A total of 40 internal and external stakeholders were contacted, while 30 interviews were conducted. The interviews consisted in four main parts: introduction with the interviewed stakeholder in

order to know them better; questions regarding the best practices known by them on the circular approach in the construction industry; questions regarding present challenges in terms of better cooperation between stakeholders; and open discussion on any key point that the interviewed stakeholder may want to highlight.

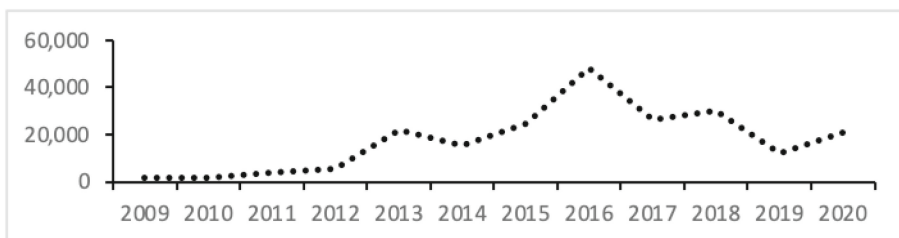
Moreover, strategic documents and policies, along with previous studies in this field, were analyzed, as second data. In this context, the theoretical qualitative analysis of interview responses gathered and also the reviewed literature and strategic documents, have served as basis of concluding in the last section of this paper.

## 4 Results and Discussion

### 4.1 Inherited Problems of Construction Sector in Albania Related to the Circular Approach

Albania has a long history of land ownership problems, carried over from the transition period after the fall of communism in the '90s [21]. This transitional period has resulted in uncontrolled constructing, where buildings were constructed without legal permission [22] and potentially not complying with any criteria or requirement for constructing. Consequently, these buildings do not possess circular qualities, making it much more difficult to adapt them in the circular approach, and also on the other hand it increases the number of non-circular buildings in Albania. Such an uncontrolled growth of these building premises has also induced a large number of legalizations requests, with an impact on today and the near future referring to the long process of legalization. Albanian institutions do not possess any data regarding the number of these buildings that have been constructed without legal permission, but only the number of legalizations permits, which makes it difficult to assess their impact on the circularity approach that has been absent during the construction.

According to the data of State Cadaster Agency [22], as described in Fig. 1, the number of legalization permits had its peak on 2016. The significant decrease in the number of legalizations in 2019 was a consequence of the approval in January 2019 of a change in the Law on local taxes, which conditioned legalization on the prior payment of the infrastructure impact tax [22]. This was corrected only in August 2020 and immediately had the effect of almost doubling the number of legalizations.



**Fig. 1.** Legalizations permits in Albania 2009–2020 [22].

Another impact on the construction sector and not only, was that of the catastrophic earthquake that Albania experienced on November 26<sup>th</sup>, 2019, resulting in human fatalities and collateral damage of building residences. In order to recover, Albanian Government drafted different decrees and action plans to help the communities that were most affected [23]. Partners, civil society organizations, and donors contributed financially to provide help. At the International Donors' Conference, the EU pledged €115 million from its budget to rapidly reconstruct and rehabilitate key public buildings [24]. The program EU4Schools came to life with a budget of EUR 75 million from the EU and United Nations Development Program (UNDP) own contribution of EUR 765,000 to target 63 educational facilities in the 11 affected municipalities [24]. While conducting the program, two key principles were taken in consideration: #BuildBackBetter and #BuildBackTogether, implying sustainable stronger structures bearing the highest international standards of quality and safety, with renewable energy sources, and fully accessible. This sustainable and circular approach until now is finalized in 34 education institutions [24].

Although these projects had a circular and sustainable approach during rebuilding and reconstruction, many buildings were renovated by citizens themselves and thus not offering certainty on the sustainable approach. According to the Durrës Municipality [25], for over 80% of the damaged apartments that were evaluated for a DS1-DS3 damage level (from light to medium-severe damage) [26] the repair was done by the residents themselves and was not certified by any institution. Furthermore, in these conditions, a financial evaluation of the repairs made by the residents is impossible to be carried out.

#### **4.2 Stakeholders in the Construction Sector in Albania and Their Engagement Regarding CE Approach**

According to the reviewed literature, different categorizations of stakeholders are known [14–16]. In order to analyze better the impact of different stakeholders in the circular approach on the construction industry in Albania, throughout this paper, stakeholders are grouped as internal and external stakeholders. Internal stakeholders are made of individuals who are team associates of the construction project or are supplying with funds; whilst external stakeholders are individuals who were directly impacted or influenced from the project, but are not directly concerned in construction businesses [27]. In these terms internal stakeholders can be: construction business employees, project management team, contractors/subcontractors, suppliers, project owners, costumers, banks; and external stakeholders can be: government, media, civil society organizations (CSOs) general public, environmentalists, social services, political organizations, and every interest group that believes it has a stake on the project.

Apart from analyzing certain policies and documents regarding these stakeholders' involvement in CE methods in built environment in Albania, interviews were made with groups of stakeholders that authors considered to be more representative and impactful on construction industry, based on the literature review and the actual economical reality in Albania, such as: construction businesses owners, costumers and bank managers (as internal stakeholders), and governmental employees, environmentalists and researchers (as external stakeholders).

From the interviews conducted, a qualitative analysis was done for both internal and external stakeholders. As provided from these groups' answers, CE approach in the construction industry in Albania is a rather new approach, quite challenging and innovative. During recent years, in internal stakeholders, different levels of engagement and involvement is seen regarding these practices. When referring to banking system – as an important factor in the economy because of its traditional functions – according to our interviews and certain policy documents, it is concluded that especially the largest banks have undertaken policies oriented towards sustainability and Sustainable Development Goals accomplishment which need to be highlighted as new tendencies [28, 29].

Banks in Albania are now offering also supportive services regarding circular approach in the construction sector. Moreover they offer environmental, social, and governance (ESG) housing loans for living premises equipped with energy efficiency certificate and business loans from the European Bank for Reconstruction and Development, combined with a 15% grant financed by the Instrument for Pre-accession Assistance (IPA) funds of the EU, while also offering technical assistance that enables Small and Medium-sized Enterprises (SMEs) to optimize their investment needs to achieve compliance with EU Priority Directives. Also financing and supporting agreements between investors and companies that are increasingly taking ESG into account by financing the production of solar panels with a payback period of up to 5 years in Euro and 7 years in Albanian Lek [28] are offered. Banks have drafted action plans, policies, public commitments, and company goals on environmental protection by offering green loans which are energy efficiency loans for individuals that want to use the loan for improvements that will lead to energy savings and CO<sub>2</sub> emission reduction for their living premises. A new project is being implemented by National Commercial Bank in its headquarters consisting in solar power and energy saving [29], being a major step in investing towards circular buildings from the banking sector.

On the other hand, other internal stakeholders as construction businesses, have made steps forward in using CE principles in their projects. From the interviews is concluded that the largest construction companies such as “Kontakt”, “Balfin Group”, “Orion Construction”, which have a big share of the Albanian market are orienting their projects towards circularity in terms of maximizing green spaces and protecting the environment during constructions by using ecological materials and reducing inert waste. Also, they offer residency buildings with solar energy panels, so residents can use renewable energy and be more efficient on energy usage. Furthermore, the adoption of ISO standards in the design and implementation of construction projects is another way of contributing towards circular buildings. If the construction businesses handle properly the whole process of integrating circular principles in their projects, added value can be created on each of the project phases.

Costumers, another group of stakeholder interviewed, claim to be more oriented towards circular buildings rather than old and traditional buildings, as they assess that is more convenient and efficient in terms of well-being, comfort and monthly expenses for energy and water consumption. Although, costumers claim in general to be less informed on the circular design of buildings as this information is not gathered and published; orienting the whole system towards the need of raising awareness on CE principles and their implementation. Costumers, which are ready to buy these innovative

residences, are supported by green loans that different banks in Albania offer nowadays. The cooperation between these costumers and banks results in a positive output of the buying process, and also positively influences all involved parties: banks, costumers, construction businesses, and other influenced parties.

As per the external stakeholders, from the interviews conducted with governmental employees combined with revision of policies and strategic documents, a new era of adopting circular principles is distinguished. Strategic policy documents such as National Strategy for European Development and Integration 2030 [30], which is the main strategic document that gives directions and priorities for the development of economic and social stability of the country on the path of its integration into the European Union, including the interconnection with the 2030 Agenda [31]. The three main pillars of this strategic policy document are: Democracy and strengthening of institutions and good governance, Agenda for sustainable economic development, green approach, as well as social cohesion. Also, referring to the improvement of the legislation, the main planning document in the field of municipal, non-municipal and hazardous waste management in Albania has been approved and covers the time period 2020–2035, namely the Strategic Policy Document and the National Sectoral Waste Management Plan [32]. This document refers to the concept of “zero waste” as a method of using the principles of the circular economy in relation to the generated waste. The National Energy Strategy for Albania 2018–2030 [33] is an essential strategic document for the national energy sector, in coherence with the objectives of the European Green Deal [34] such as construction and renovation, accelerating the transition to sustainable and intelligent mobility, and eliminating pollution. As mentioned, no document regarding specifically circular approach in the construction sector has been drafted, concluding in a gap of governmental incentives offered for the construction businesses and other parties, taking into consideration that efforts of the construction businesses are interconnected with the support offered by government.

Environmentalists and researchers appear to be oriented towards spreading the information of circular principles and their proper use, by using certain campaigns and studies [2, 5] to raise awareness even though their tentative remains not widely noticed. More media coverage is needed in this context, in order to spread the information. As external stakeholders, environmentalists and researchers appear to be quite involved in the environmental impact of new constructions in Albania. Once again, the lack of communication channels affects their contribution towards a more circular economy in the built environment.

## 5 Conclusions

As construction sector is related to other economy sectors, any changes in the economy may affect also other sectors, including the construction sector, and vice versa. In this context, having a circular construction sector would contribute for the better to the whole economy of the country. Integrating the circular economy into the construction sector means understanding the role of stakeholders, their interactions, and the influence they can exert on the process itself, by adding value in each step of this chain process.

In Albania, the relation between different stakeholders regarding CE presents difficulties in cooperation, although these groups aim towards mutual objectives and goals



and operate within the same environment. As such their efforts are intertwined with each other, resulting in the need of coordination. Unlike the banking systems which uses an internal system to communicate, such a way of communicating is not present in the construction industry. From the analysis of interviews' answers, it is concluded that communication between different stakeholders is not properly done due to improper channels and in the worst cases, the lack of them.

The efforts of different stakeholders have resulted in better legislative framework, new banking products and services, governmental support for waste management, more coverage by environmentalists and also new circular approach implemented by construction businesses. However, stakeholders' theoretical analysis has shown that the relation between different stakeholders presents difficulties in cooperation, although these groups aim towards mutual objectives and goals. In this context, Albanian economy presents difficulties as the circular approach is widely influenced not only by political decisions, but also by cultural and financial matters, making it more challenging to make progress.

**Acknowledgement.** This research received support from the COST Action Implementation of Circular Economy in the Built Environment (CircularB) under reference CA21103.

## References

1. MacArthur E (2013) Towards the circular economy. *J Ind Ecol* 2(1):23–44
2. Hysa E, Kruja A et al (2020) Circular economy innovation and environmental sustainability impact on economic growth: an integrated model for sustainable development. *Sustainability* 12(12):48–31
3. Di Maio F, Rem PC et al (2017) Measuring resource efficiency and circular economy: a market value approach. *Resour Conserv Recycl* 122:163–171
4. Kjaer LL, Pigosso DC et al (2019) Product/service-systems for a circular economy: the route to decoupling economic growth from resource consumption. *J Ind Ecol* 23(1):22–35
5. Memaj F, Kosta B (2020) Guide mbi Ekonomine Qarkulluese ne Shqiperi. Forumi Shqiptar Social Ekonomik (ASET)
6. European Commission (2023) Albania Report 2023
7. Papargyropoulou E, Preece CN, et al (2011) Sustainable construction waste management in Malaysia: a contractor's perspective. In: *Management and innovation for a sustainable built environment MISBE 2011*, The Netherlands
8. Menegaki M, Damigos D (2018) A review on current situation and challenges of construction and demolition waste management. *Curr Opin Green Sustain Chem* 13:8–15
9. INSTAT webpage. <https://www.instat.gov.al>. Accessed 10 Nov 2023
10. Freeman RE, Reed DL (1983) Stockholders and stakeholders: a new perspective on corporate governance. *Calif Manag Rev* 25(3):88–106
11. Benachio GLF, Freitas MDCD et al (2020) Circular economy in the construction industry: A systematic literature review. *J Clean Prod* 260(1):121046
12. Hossain MU, Ng ST et al (2020) Circular economy and the construction industry: existing trends, challenges and prospective framework for sustainable construction. *Renew Sustain Energy Rev* 130:109948
13. Yang J, Shen Q et al (2009) An overview of previous studies in stakeholder management and its implications for the construction industry. *J Facil Manag* 7(2):159–175



14. Prabhu PG (2016) Study on the influence of stakeholders in construction industry. *Int J Eng Technol Manag Appl Sci* 4(6):31–45
15. Clarkson MBE (1995) The management of stakeholder relationships in totalitarian and democratic societies. In: *Proceedings of the international association for business and society*. University of Toronto, Ontario
16. Davis K (2014) Different stakeholder groups and their perceptions of project success. *Int J Proj Manage* 32(2):189–201
17. Geldermans RJ (2016) Design for change and circularity—accommodating circular material & product flows in construction. *Energy Procedia* 96:301–311
18. Wells P, Seitz M (2005) Business models and closed-loop supply chains: a typology. *Supply Chain Manage: Int J* 10(4):249–251
19. Ziman J (2016) *Science in civil society*. Andrews UK Limited
20. Senaratne S, Rodrigo N et al (2023) Systematic review on stakeholder collaboration for a circular built environment: current research trends, gaps and future directions. *Resour Conserv Recycl Adv* 19:200169
21. Maho N (2017) Bilanci i pronave; Çfarë po bëhet me legalizimet dhe hipotekimin e pallateve të braktisura nga ndërtuesit. In: *Monitor* (in press)
22. State Cadaster Agency webpage. <https://www.ashk.gov.al/indikatore-historik/>. Accessed 30 Nov 2023
23. Ministry of Finance webpage. <https://financa.gov.al/masat-e-marra/>. Accessed 24 Nov 2023
24. United Nations Development Program webpage. <https://www.undp.org/albania/blog/three-years-after-earthquake>. Accessed 20 Nov 2023
25. Hoxha B (2023) Rindertimi kompromentues, nuk nxorem mesime nga termeti i 2019. In: *Monitor* (in press)
26. Baggio C, Bernardini A et al (2007) Field manual for post-earthquake damage and safety assessment and short term countermeasures (AeDES). In: *European Commission—Joint Research Centre* (ed.) *Institute for the Protection and Security of the Citizen, Europe*
27. Cleland DI (1999) *Project management strategic design and implementation*. Mc Graw, New York
28. Raiffeisen Bank webpage. <https://www.raiffeisen.al>. Accessed 05 Nov 2023
29. International Commercial Bank webpage. <https://bkt.com.al>. Accessed 05 Nov 2023
30. Prime Ministry (2023) *Strategjia Kombetare per Zhvillim dhe Integrim 2030*
31. United Nations homepage. <https://sdgs.un.org/2030agenda>. Accessed 02 Nov 2023
32. Ministry of Tourism and Environment (2020) *Dokumenti i Politikave Strategjike dhe Menaxhimit te Integruar te Mbetjeve 2020–2035*
33. Ministry of Infrastructure and Energy (2018) *Strategjia Kombetare e Energjiise 2018–2030*
34. European Commission homepage. <https://commission.europa.eu>. Accessed 06 Nov 2023

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution 4.0 International License (<http://creativecommons.org/licenses/by/4.0/>), which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

