CHAPTER 4

NGOs/CBOs and Housing for Low-Income People in Albania

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Introduction

In this chapter, housing problems in Tirana are identified and methods proposed to address the phenomenon of growing illegal settlements. The following three methods of housing supply approaches are presented in order to analyze their relevance to low-income housing provision in Tirana:

(i) provision of housing by the government
(ii) the site-and-services approach;
(iii) the improvement approach.

The main question of this chapter is whether these approaches enable low-income households to solve their housing problems within the opportunities and conditions of Albania.

A qualitative analysis is undertaken based on the so-called "EEESRI Analysis":

(i) **Effectiveness**: to what degree do the implemented approaches directly address the problems, and how far do the community members feel satisfied?
(ii) **Efficiency**: to what extent are the approaches able to make optimum use of the resources available to both government and urban low-income households?
(iii) **Equity**: to what degree do the housing approaches offer to low-income groups the same resources that are already available to other segments of urban population?
(iv) **Sustainability**: do the approaches offer sustainable benefits to the target population?
(v) **Replicability**: what are the success factors and to what extent are they unique?
(vi) **Impact**: what are the effects of the approach for the target population?

Community Based Organisations (CBOs)

It is important to clarify what we mean by CBOs. Davidson and Peltenburg (1993) defined CBOs as formal or informal organisations representing a group of people with common local interests, living or working together within such limited geographical areas as neighbourhoods. They share many interests with local governments. They are flexible and have a good knowledge of every community member, but their financial capacities are limited. CBOs have also limited practical skills that are far from urban-planning and development standards. They have often great political influence, but their organisational capacity and ability to focus on the priorities are often poor. In this paper we will deal mainly with CBOs whose main objective is to provide or improve housing conditions and service rendering.

Non-Governmental Organisations (NGOs)

Further we have to clarify what we understand by NGOs. Again we refer to Davidson and Peltenburg (1993), who describe NGOs as private voluntary or non-profit organisations of professionals supporting other groups of population in need of assistance. They are very active in fund raising for development projects, and usually obtain high levels of commitment and technical capacities. They are mostly flexible

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1 This paper is a summary of the research conducted just ahead of the collapse of the pyramidal investment schemes in Albania, which were followed by months of unrest in the country. Since than the situation aggravated. Economy went down, inflation increased, and many people lost their houses by investing in those kleptocratic schemes. However, this fact does not change the comprehensiveness of the research, and the approaches analysed. Indeed the situation is even more in favour of logic of the research. It helps to understand better housing problems, as one of the main factors of Albanian crisis during the last decade. This paper benefited from the research that was carried out during 1996-1997, in collaboration with Peter Nientied, Jan Van Der Linden and Meine Pieter Van Dijk (IHS Rotterdam, the Netherlands) together with Co-PLAN’ staff in Tirana Albania, and with John Driscoll (Harvard University, USA). Their contribution is gratefully acknowledged.
and have relative ability to gain political support. NGOs with development objectives are of large, intermediary, or smaller size. The former two types operate at national or city level without being directly involved in the field. Usually they assist government and the smaller local or foreign NGOs working in concrete projects. The small local NGOs, especially those dealing with low-income households are the ones we shall discuss in this contribution.

Background of Tirana

The urbanisation level of Albania has historically been the lowest in Europe, and by the end of 1990 included 35% of the country’s population (National Committee on Habitat, NCH 1996). Apart from the capital Tirana, which at the time represented one third of the country’s urban population, there were hardly any cities with over 100,000 inhabitants (USAID 1993). Whereas in the communist era people were not free to change their locality of residence as they pleased, since 1990 population movement has been free but poorly managed. Despite an estimated exodus of population abroad of 12% (UNDP 1995), some regions have grown at the alarming average rate of 7% per annum since 1990 (LMTF 1990). The capital Tirana with 350,000 inhabitants in 1990, currently counts almost 1 million inhabitants (Financial Times, 19-02-1997). Every year between 7-10 thousands additional families (30,000-50,000 people) arrive in the city. Consequently the built environment of Tirana is also rapidly expanding by an average of 200 hectares each year. Only between 1990-1994, the city grew four times more than the total physical development in the 40-year period between 1945-1985. On an annual basis, Tirana is expanding three times faster than the 1989 master plan had anticipated (LMTF 1995).

The unmanaged growth leads to construction on public land, unsuitable terrain, agricultural or forest land, mostly without the benefit of proper electricity, water, sewerage, roads, sanitation, and social facilities. Estimates indicate that unplanned construction will result in one and a half times as much land being taken for housing development as would have been had it been it planned (UNDP 1995). Most of Tirana’s new development is at the edge of city. Analysis of the July 1994 aerial photography indicates that 4,500 dwellings have been built, mostly without permits. In some new residential areas in the northern part of the city, families living in the informal settlements account for 50% of the population. Within the existing urban zone, authorities are working with inadequate infrastructure and social facilities that for decades have foregone any capital investments, and are severely strained by the new growth pressures. Almost half the city’s population have poor access to infrastructure, and if no action is taken in the coming years, that figure is is expected to grow to 60% (Co-PLAN, 1998). National and local authorities are facing a lot of challenges, but their response is severely constrained by the lack of public funds for housing and infrastructure investment (LMTF 1995).

Fig.1: Tirana in 1989 and additional informal developed areas in 1994.
The high demand for housing of overcrowded urban and rural dwellers, and pressure from rural-urban migration, have led to the construction boom, but also to the concentration of the poor. New arrivals often include poor and low-income groups, who already account for three fifths of Tirana's population. (LMTF 1995). In contrast to other income groups, with significant changes in their life, such households often live in makeshift houses on the outskirts of the city. Without basic facilities, uprooted and surrounded by others equally poor, and struggling as themselves, they find themselves vulnerable and isolated from the local city dwellers. While their environment of poor living conditions is often prone to diseases, crime and natural disasters, it is also used as a working place, and thus of direct influence on the poor economy of the city. As these people, most informally employed, play an important role in the city economy, more attention should be given to them. The National Report on Habitat 1996 underlines that every citizen has the right to have a decent affordable house. Under that motto authorities have tried to solve three main problems: (i) the social problems inherited from the past; (ii) the social problems of the transition period; (iii) as well as housing for low-income households. During the early 1990s, the housing sector went through a process of reforms. The existing housing stock was totally privatised, new legal actions were undertaken, and since 1994 a land management programme has been financed initially by USAID and at present by a loan of the World Bank in order to formulate strategies to guide informal developments of Tirana (NCH 1996).

During the 1990s, national authorities defined four housing priorities: (i) 10,000 households of ex-political prisoners; (ii) 30,000 households living in dwellings to be restituted to original owners expropriated by the former communist regime; (iii) 10,000 other households living in overcrowded apartments; (iv) the lowest-income households that can not afford housing (NCH 1996). In 1997, some 10,000 families more were counted as they lost their housing by investing in pyramidal investment schemes. However, being continuously pressed by the aggravated problems of the past as well as by political and economic sensitive issues of post-communism, the authorities declared that without resolving the first three categories there is no solution for the last ones! In that way the strategy has changed drastically. In view of the shortcomings, authorities are adopting a new attitude towards housing provision. They have reduced the efforts on public housing, and are considering upgrading and site-and-services schemes. Acknowledging the role of citizens for co-operation with the government also recognises improvement options.

There are already some good examples where NGOs and CBOs have been able to mobilise residents in various self-help activities (LMTF 1996). Whereas the experience is not a widespread phenomenon, indeed it represents only some isolated cases, such organisations have proved very active in shelter-related activities. Given the controversial and shocking return of Albania to the democratic rule and a relatively low but challenging organisational capacity of the people, this process must be considered still at the infant stage. However, there are already experiences which give hope that a possible adoption of the existing strategy on planning and development of urban settlements by allowing NGOs/CBOs to play a larger role, might mobilise urban low-income people to solve their housing problems by their own efforts. This way of housing provision is likely to be advocated also by international aid agencies and donors. This is the core of the research summarised in this paper.

Urban Housing Policy in Albania

Given the complexity of the existing situation, authorities aim to deal with housing problems within their integrated approach to urban development. Special attention is paid to infrastructure development. The establishment of adequate services, ranging from roads, water and power supplies to banking and telecommunication, is one of the biggest challenges facing the country. Three quarters of the US$ 368 million of foreign aid disbursed in 1995 were devoted to the construction of infrastructure. To meet the challenge, the government launched an ambitious Public Investment Plan (Financial Times, 02-10-1995), underlining three main themes:

(i) urban development;
(ii) urban infrastructure;
(iii) and urban housing (Government of Albania 1996).

Two main sectors are involved in the supply of housing.
**Formal sector**
Within the formal sector in Albania, there are four primary suppliers: (i) the National Housing Agency (NHA), a semi-governmental agency within the portfolio of MPW, which since 1993 has constructed not more than 12,000 housing units usually for emergency cases; (ii) large private developers, mostly foreigners who want to build high-income housing; (iii) NGOs, which provide specifically targeted housing for such groups as ex-political prisoners and residents of informal settlements; (iv) individuals, small and medium-scale private developers or investors. The production capacity of the sector is limited.

**Informal sector**
This sector provides more than seven tenths of the national housing supply (Housing Department 1995). Two main segments can be distinguished:

(i) *Informal developments*, where land ownership and occupancy rights might be confirmed, except for the violation of planning and building regulations. They are developed mainly in privatised land next to the existing settlements on the outskirts of cities or along the main access roads having the primacy in development.

(ii) *Illegal settlements*, where land ownership and occupancy rights cannot easily be confirmed, and planning approvals and building permits have not been obtained, even though residents may have obtained connections to public utilities. They have developed mainly on the larger tracts of public land such as farms or industrial areas where ownership such as temporary leasehold or in-use designations are not clear. The selected sites are areas that lack access infrastructure or lie close to serviced zones with public utilities. Often they occur in marginalised land, for instance under high-voltage cables, along the safety land strips of the railway lines, or flood-prone areas.

**Evaluation of Housing Policy in Albania**
After a long period of a strict public housing policy there is still a high and increasing demand for urban housing in Albania, and informal developments are spreading all around cities. A new housing policy is required to cope with the arrival of people from rural areas, most of them poor. This is also due to:

(i) the failure of the former regime to cope with housing problems by restrictive anti-urban measures and strict observance of a public housing policy;
(ii) the poor quality of the existing housing stock, which is overcrowded, deteriorated, in bad repair, and with poor services and infrastructure;
(iii) the high housing demand caused by rapid urban growth and high migration rates, relocation due to the restitution, the desire to improve existing housing conditions, overcrowding, and individual strategies that view housing as shelter and investment;
(iv) the increase of housing demand because of the improved living conditions brought about by the economic reforms, and incomes from Albanians working abroad;
(v) limited financial resources of the poor people who form the majority of house seekers; (vi) lack of a special policy to deal with low-income income groups, who constitute the majority of housing demand;
(vii) the poor government budget and lack of financing instruments such as loans and credits, especially to the low-income groups;
(viii) the government’s inability to deal with housing problems, under pressure of the diversity of political and economic consequences of transition;
(ix) the tendency of international bi- and multi-lateral financing institutions to invest first in the rehabilitation and improvement of existing infrastructure and services rather than in new infrastructure
(x) lack of effective measures to prevent the further encroachment of population in squatter settlements, and open legal housing options to the low-income people.

**Who are Low-Income People?**
The Human Development Report of 1995 identifies Albanians as the "poorest Europeans", explaining that poverty in Albania is not the result of climatic conditions, crop failures, or desert encroachment, but of the imposition of a social and economic system that in the end only managed the equitable distribution of poverty, and finally collapsed. The per capita GDP in 1996 was estimated at US$ 830 (Financial Times,
Wednesday February 19, 1996), but there are significant rural-urban and regional disparities in the disposable incomes. The percentage of urban poor in 1994 was estimated at 25-30%. The de facto poverty line in 1998 is estimated at US$ 30 a month per capita. At least 72% of such incomes is spent on food. The realisation how difficult it is just to feed a family on so little, gives credibility to the fact that nearly one fifth of the Albanians are living from hand to mouth (UNDP 1995).

Nevertheless, Albanians have the relatively high life expectancy of 73 years, and low rates of child mortality. Even poor households have already some basic assets and fair levels of schooling, which relieve them from the prospect of extreme poverty. For those unemployed, retired, or living below the poverty line, the government provides a modest safety net, too. Unemployment continues to be the major problem, especially in urban areas where four fifths of unemployment is recorded. Nearly three fifths of urban economic assistance went to the worst-hit cities like Tirana. Retired people, 15% of the population, are dependent on retirement insurance, around US$ 24.6 a month (UNDP 1995). The average size of households in Tirana is about 4.5 members. The average annual income per capita in 1995 was estimated at US$ 1,300, which is far more than the national average. In Tirana, five income categories can be distinguished: (i) the lowest income group of 30%; (ii) the lower-middle income group, another 30%; (iii) the middle income group of 20%; (iv) the upper-middle income group, 10%; (v) and the upper income group, 10% of all families (LMTF 1995). A survey undertaken by INSTAT in 1993, evaluated that the ratio between the lowest and the highest income is 1 to 4.4 (NCH 1996).

**Housing Problems of Low-Income Groups**

The main housing problem to low-income households in Albania might be considered a question of (i) lack of access to suitable land, infrastructure and services; (ii) lack of suitable financing schemes, and (iii) lack of information and know-how. Low-income households are interested in finding affordable and secure land located as near possible to the job opportunities and urban activities, but most of such plots are far out of their financial reach (Baross 1990). The solution for them might be either to occupy illegally available land as near as possible to the city centre, or to live on the outskirts of the city where land prices might be more reasonable and affordable for them (Nientied, Van der Linden 1990). The second option implies transportation, which is expensive when provided privately or very poor and often absent when it is provided publicly. Given the poor system of social assistance, urban low-income households in Albania mostly depend on their network of relatives and friends, and the generosity of Albanian society. The absence of affordable housing-finance schemes, and the high annual interest rates of 30% for credits, have reduced both the quality and quantity of housing, which minimises the opportunity of low-income households to take up any income-generating activity, thus influencing their housing condition, and their capacity to pay in cash for the labour, as usual in urban areas. Whereas the authorities are committed to reform the financing of housing, the existing banks have not played any role regarding housing investments. From a comparison of the options available in Tirana, it is obvious that the informal option is the most affordable for low-income households (Table 1).

**Table 1: Costs per square meter of housing options in Tirana (’99)**

<table>
<thead>
<tr>
<th>Housing approach</th>
<th>Government</th>
<th>Real Estates</th>
<th>Private</th>
<th>S &amp; S</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average size of house (m²)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>120 (plot)</td>
<td>100</td>
</tr>
<tr>
<td>Price per unit ($/m²)</td>
<td>15,000 – 20,000</td>
<td>20,000 – 50,000</td>
<td>40,000 – 80,000</td>
<td>9,600</td>
<td>5,000 – 10,000</td>
</tr>
<tr>
<td>Price per m² ($/m²)</td>
<td>150 - 200</td>
<td>200 - 500</td>
<td>400 - 800</td>
<td>80</td>
<td>50 - 100</td>
</tr>
</tbody>
</table>

Low-income households in Albania have also less access to infrastructure and services than other income groups. Their best bet is to buy informal services, but that might be very costly. Water tends to contain diarrhoea agents, hepatitis and even cholera in some cases, which caused some deaths in 1994. Fifty per cent of the electricity generated nation-wide is not paid for because poor households tamper with the metering or lines. Not to mention the absence of garbage collection that creates serious risk to health, and further diminishes the quality of life (UNDP 1995). Another problem is lack of access to information and skills that might help low-income households to make good use of the very few opportunities available to them. They
often feel frightened, powerless, and insecure. Their outlook on the main feature of their life may have shifted, from the lack of material possession to the lack of security, in their attempts to save their informal jobs, earnings, and homes (Jellinek 1991).

Case Studies of Tirana

Improvement Approach
The Breglumi neighbourhood is situated in the northern suburban area of Tirana, within the jurisdiction of the municipality, and along the main road to the north, the railway, and the river of Tirana. An Italian NGO, VIS Volontariato Internazionale per lo Sviluppo, was financed by the Dutch NGO Cebemo (now Cordaid) between 1995 and 1997, for the project named “the Breglumasi Program”. Other local and foreign organisations have been involved in this project, too, including “the Don Bosco Centre”, the consultants Aconex, Swiss Charitas, IRC, etc. The project focused initially on the social aspects. A social centre was established, including a kindergarten, a health centre (a church was also built but outside the programme). The social centre organises (i) community meetings; (ii) professional training courses; (iii) social and sports activities. Inhabitants were encouraged to promote and create their own CBO, including the creation of women’s, youth and children’s groups. That aspect was mainly covered by VIS.

Professional on-job training was also given to a team of young Albanian professionals, assisted by a Dutch programme manager, The Breglumi Program was somehow gradually Albanized, and in 1997 merged as an NGO named Co-PLAN Centre for Habitat Development. It aimed at the stimulation of basic services in the neighbourhood through community-based actions, including a limited number of interest-free credits. An urban plan has been designed in collaboration with residents and approved by the authorities. The main access road (6 kilometre of public space) has been opened and gravelled. A partial sewerage system has been adopted. The programme provided basic funds, while residents contributed by labour and in kind. It is essential to mention that from 1998 onwards, the programme management has been fully transferred in the hands of Albanian professionals.

Many different organizations and actors were involved in the projects, which made execution difficult to begin with. However, Co-PLAN’ mission was to improve communication between the various partners. By itself or through the commissioning of consulting agencies, Co-PLAN has carried out surveys of residents’ needs and to prepare feasibility studies of the support programs. The interventions essentially focused on two elements: (i) establishing communities; (ii) and gaining legal support from the Tirana local and regional authorities.

The interventions started in the Breglumasi peripheral neighborhood of Tirana, were the first local upgrading model that latter on transformed in neighborhood development agenda, a development model for other peripheral and/or inner city areas of Greater Tirana region. These interventions are examples of how people are becoming increasingly aware of their responsibility and how mechanism of urban development and civil society are successfully employed to develop productive social structures. Social centers, launched as intervention projects, have long become meeting places for self-organized parent-child projects; for women, youth and children projects, and for neighborhood councils, set up to improve communication with the city administration. They draw on local and theoretical expertise as well as on the support to national initiatives and international institutions to establish a fully functioning community and infrastructure. The projects developed in co-operation with community planners also opened up new perspectives for permanent healthy housing environments.

In few words Co-PLAN started a process of community building by using as an instrument elements of physical infrastructure that improve living conditions. In the meantime sustainable community based

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2 The NGO, Co-PLAN, Center for Habitat Development, undertakes community-oriented concepts for local participants in an effort to tie into the overall infrastructure the recently illegally grown areas. The center’s activities include plans for new infrastructure projects, such as building social centers, schools, kindergartens, health care centers, etc, as well as opening public spaces, graveling roads, improving water supply and irrigation, establishment of solid waste collection, including establishment of cooperative credit institutions. In addition, several activities of Albanian and international profesional institutions are co-organized in preparation of long-term scientific and development cooperation.
organizations take shape, and they go in negotiation with authorities, which are also provided with training. Negotiations are finalized with the preparation and signing a partnership agreement between community representatives and authorities. Based on this document improvement actions are undertaken, and each party involved has its benefits and obligations as well. When needed Co-PLAN is again invited to intermediate

The Habitat Programme of the UNCHS selected this programme, as a “Best practice” s for 1998³. The success of the project has drawn the attention of the authorities, and for that reason the Breglumasi neighbourhood was made the first pilot site of the Urban Land Management Project in Albania, financed by a loan of the World Bank (Aliaj 1996). Albanian government institutions struggle with the question how they can best operate, given the high level of uncertainty, and the scarcity of human, financial, and organizational resources. Urban development and management find itself in a crucial period, in which it has to change from a formalistic land use approach, to a more realistic integrated type of planning. To achieve this the institutional context of urban development is to be strengthened.

Thanks to the assistance of USAID and the ground experience of Co-PLAN, Ministry of Public Works established a special task force with objective the formulation of a strategic plan on land development and infrastructure improvement for Tirana. This experience turned out in an Urban Land Management Program financed by a loan of the World Bank. The primary objective of the project is to provide essential urban infrastructure to unserviced or neglected areas in participating municipalities, including Municipality of and County of Tirana, and to support the institutions responsible for the provision of urban services at national and local levels.

Investments in roads, water supply, drainage, sewerage, electricity, street lighting, domestic waste collection and technical assistance to local authorities and participating communities are expected to lead to: (i) improved environmental living conditions and better health of children; (ii) rational use of scarce urban land; (iii) and improved cost recovery for urban infrastructure.

During his visit in Albania in 1999, the President of the World Bank, Mr. Wolfensohn underlined: “The strength of this project through the partnership between government, NGOs and people…. As far as the bank is concerned, being able to be partners with all of you is the bests thing we can do…. And I look forward to talking about this project in other parts of the world as an example of the very best practice that exist today.” Informing about this visit the World Bank news release underlined that “good governance is crucial necessity in every country, so that funds destined for poverty alleviation and social improvement have maximum effect.

Actually, considerable work is done in close collaboration with the municipal staff to improve power grids and transformators and to formalise the informal connections in Breglumasi. Almost 95% of the residents contributed also financially for the secondary infrastructure, in addition covering 100% of the tertiary infrastructure cost. The same project has been sucessfully replicated in another neighborhood of tirana, Bathore, where sewerage and water supply has been improved. Actually the project aims to extend countrywide based on a demand-driven logic.

³ For more information please refer to the internet address: <http:www.sustainabledevelopment.org/blp>. For documentation of Best Practices Hub Wiena, contact to: zukunfts.station@adis.a . Information can also be obtained by IRS, the partner of Co-PLAN in Germany, via internet adress: <http:www.irs-net.de>, or directly in Tirana, through Co-PLAN, Center for Habitat Development in the e-mail address: coplan@albnet.net
Sites and Services Approach

The 70-hectare site, proposed by LMTF, is located in western Tirana, three kilometres from the city centre and along the main bus routes. Up to 1995, it was an almost vacant agricultural area, attractive for urban development. The District Council of Tirana holds the title of the land, which was rapidly swamped by informal housing. In January 1995, the District Council of Tirana counted 254 informal houses with 1,160 residents. While the number of illegal dwellings was growing, authorities wanted to develop the site in a formal way rather than lose it by informal developments. The pilot-site development was initiated with full cost recovery from the purchasers of land and infrastructure. The adopted strategy involved selling land parcels to the private sector of large developers, small or medium contractors, and individuals. The site was planned to contain residential development with commercial areas either along the road or diffused within. Around 4,000 housing units were expected to accommodate 18,000 people, at a total project cost of around 4 Million US$.

A Project Implementation Unit (PIU) was established to co-ordinate the implementation of the off- and on-site infrastructure. The land to be sold was divided into different-size parcels. Private developers were held responsible for constructing the on-site infrastructure. Their options were: (i) to construct houses, apartments, commercial buildings, or mix-used development; or (ii) to resell the land they had developed. The project had a special significance, since for the first time government land was designated to be sold for housing development and the cost of infrastructure was incorporated in the land price. Some of the main objectives of development at that time were: (i) to use simple criteria of development charges and impact fees for the payment of affordable housing for lower-income groups and public facilities; (ii) to phase the development of sites in order to minimise the cost of initial outlays, and to take the advantage of valorisation by on-site access infrastructure. Unfortunately, the project faced many problems in the implementation phase, authorities did not understand the rationale, and latterly the project stopped as the area was fully occupied by informal activities (LMTF 1996).

Government-Sponsored Approach

In fact here are to be mentioned public housing and informal/illegal constructions. Regarding public housing there is not much to say except those mentioned in the first part of the article. Indeed the analyse will be focused on Bathore neighbourhood. This is the largest informal settlement in the country and is located in northern Tirana, within the jurisdiction of the District Council that holds the land title. It is developed in a mix of flat and hilly area of 400 hectares, of which only 250 count as urban land. The land belonged previously to a state farm. The rural land of Bathore was given in temporary leasehold to local farmers, but they are developing/selling for construction purposes. The privileged location next to the Agricultural University and Kamza town generates a lot of interest as there are basic public services along the national road. From a rough estimate, around 22,000 people live in Bathore. According to selective surveys, residents are primarily new migrants to Tirana. Indeed, Bathore is especially known for the strong resistance of inhabitants to the bulldozing measures of authorities in 1995 (LMTF 1995). By confronting the Bathore

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4 For more information you can contact John Driscoll (driscoll@gsd.harvard.edu) of Unit for housing and Urbanization, GSD, Harvard University. Mr. Driscoll between 1995-1998 has been assisting Albanian authorities, partly on behalf of PADCO and partly of World Bank, to prepare a Preliminary Structure Plan for Greater Tirana and further to develop the Urban Land Management Project.
neighbourhood, government recognised for the first time officially the presence of illegal settlements as a reflection of the housing problem in Albania. Bathore thus became a test for the prevailing housing policy. It gained significance when community representatives met high state officials. The CBO presence in the neighbourhood proved how far poor communities in Albania were organised. In addition, government recognised the need for more flexible policies towards them, and consensus was reached. For the first time the authorities understood that the strict application of public housing policy had failed! This was further proved by the fact that 12,000 housing units built by NHA during the 1990s and destined for low-income groups, appear to have shifted to other, mainly more affluent, social groups.

At present, the District Council of Tirana, through the newly created Municipality of Kamza, is responsible for improving and servicing the neighbourhood. Thanks to the political pressure of the local CBO “Rilindja”, 13 hectares of Bathore have been selected as the second pilot site of the Urban Land Management Project financed by the World Bank loan (Aliaj 1996). Most of the public space has been opened and gravelled and so far 70% of the residents have paid their own contribution in cash regarding their first priority: sewerage and potable water. An urban plan has been designed and approved by the authorities. The access of the neighbourhood has improved as almost seven kilometres of public space have been opened and gravelled and basic social infrastructure has been built (including the establishment of social activities) thanks to the collaboration of local residents with a network of NGOs co-ordinated by Co-PLAN and local authorities. Now, local authorities and NGOs aim to replicate the experience on the municipal scale.5.

Fig. 3: View from Bathore 1996. Right, a newspaper picture during the conflict of illegal settlers with authorities in 1995.

 Evaluation of the Case Studies - "EEESRI" Analysis

(i) Effectiveness

With regard to the effectiveness, findings indicate that NGOs/CBOs make reaching low-income households possible in more cases. They achieve higher levels of community involvement, and develop a more innovative and flexible approach. They undertake improvement actions as part of a continuous process. Social and cultural progress is evident. People feel secure and confident, and legalisation comes into view. Activities generating employment and income stimulate basic services and facilities. When present, credits are available to all. On the other hand, site-and-services schemes and government-based projects are less effective. Funding is very difficult in practice. The costs of projects are increased by the use of restrictive measures. The degree of government involvement is still high. The private sector is discouraged because of the delays. CBOs alone can be politically active, but no actions towards improvement are undertaken. Residents feel confused and not confident. This frustrates further individual investment in housing and infrastructure.

Fig. 3: View from Bathore 1996. Right, a newspaper picture during the conflict of illegal settlers with authorities in 1995.

5 Since 1997, Co-PLAN has been also working in social and physical community based project in Bathore. In addition in 1998, an upgrading and legalization project has started as well. The Bathore NGO Network website is now available online at http://www.bathore.net

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(ii) Efficiency
With regard to the efficiency, NGOs/CBOs proved again the most efficient in achieving the objective at less cost. Improvements are undertaken on the modest budgets of the NGOs and community contributions in the form of labour and cash fees. Costs are reduced as much as possible, especially at the initial phase. Overheads, designing, and supervising costs are usually covered by the NGOs. The sites-and-services approach has also proved efficient, but still considerable funding are expected from poor government budgets. Extra costs are incurred because of relocation and policing. The government-based approach is the least efficient. No changes have been accomplished and the absence of NGOs has a negative impact. Except when residents share the costs of services, government-sponsored programmes tend to be expensive.

(iii) Equity
NGOs/CBOs has again proved to be the most equitable option in terms of equity. NGOs concentrate on areas that suffer from bad physical conditions, have strategic importance for the city development, and are well-established. By NGO criteria, the worst areas have been given the highest priority. The approach puts no restriction on the access to crucial resources or the provision of basic housing needs. It results in more equitable access to the main public services. The credit fund also promotes equity among residents. Two other options seem to cause inequity, especially when the poor have to pay for access to certain services, while others get them free. Site-and-services schemes promote inequity since it favours the well-to-do rather than the low-income households. It imposes standards and procedures that increase housing cost, and cause a shift of the supply towards high-income households. The inequity is enhanced by the absence of financial instruments, too.

(iv) Sustainability
The self-recovery of NGOs sometimes puts the sustainability in jeopardy, but there have not been great problems with the sustainability of the Breglumi project. Improvement and maintenance actions have been self-financed. The credit fund works on a full recovery basis, too. Credits have supported the generation of income and employment, which in turn has increased spending on housing and improved the living condition. There were some practical problems in recollecting credits after the collapse of pyramidal investment schemes. Site-and-services schemes are theoretically promising in terms of sustainability, but US$ 1.1 Million of initial investment on off-site and basic on-site infrastructure implies considerable extra maintenance costs, which is a hard price to pay by the poor Albanian authorities. The sustainability of governmental housing schemes is even more poor. More on that subject will follow later.

(v) Replicability
With regard to the replicability there is still no full evidence on NGOs/CBOs. However, they have undertaken actions that could not have been taken by present government. Co-PLAN has successfully transferred its philosophy from the 33-hectare site of Breglumasi neighbourhood to the 155-hectare site of Bathore. Another NGO, CAFOD Albania, has also successfully implemented a housing programme and has now undertaken infrastructure-improvement projects, in collaboration with local authorities and CBOs. Similar actions are undertaken by OXFAM and PAPA. The initial projects of Tirana have been adapted to the local needs of three other cities. In the meantime, the replicability of the Western Tirana Pilot Site is very doubtful. The pressure of illegal developments, inflexible legislation, lack of co-ordination among institutions, corruption and bureaucratic barriers has created serious problems to the implementation and replicability of a site-and-services scheme. The government scheme would be well replicable but suffers from lack of financial means. More research has to be undertaken on this matter.

(vi) Impact
NGOs/CBOs reaches many low-income households. People are organised in their own CBOs. They are registered officially in court and recognised by the municipal authorities. New urban plans have been introduced. Basic facilities and services are provided, and the social and cultural impact is evident. The credit fund has been relatively successful, but more must be done with regard to cost recovery. The impact of the government scheme is obviously poor. The pilot project of the site-and-services scheme has failed: there is no noticeable impact. It seems very difficult for the project to reach the target households, and the situation is currently aggravated by new illegal invasion. We recommend more research into the matter when all schemes have been implemented.
Table 2: Evaluation of Case Studies (EEESRI Analysis)

(E1=Effectiveness, E2=Efficiency, E3=Equity, S=Sustainability, R=Replicability, I=Impact, H=High/3, M=Medium/2, L=Low/1)

<table>
<thead>
<tr>
<th>Approach</th>
<th>Improvement</th>
<th>Sites &amp; Services</th>
<th>Government sponsored</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Main actors</td>
<td>NGO/CBOs</td>
<td>Public-private</td>
</tr>
<tr>
<td>Evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E1</td>
<td>H</td>
<td>L</td>
<td>M</td>
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<tr>
<td>E2</td>
<td>H</td>
<td>M</td>
<td>L</td>
</tr>
<tr>
<td>E3</td>
<td>H</td>
<td>L</td>
<td>M</td>
</tr>
<tr>
<td>S</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>R</td>
<td>M</td>
<td>L</td>
<td>H</td>
</tr>
<tr>
<td>I</td>
<td>M</td>
<td>--</td>
<td>L</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>

**Empirical Analysis**

For a better understanding of the approaches we will compare them to the same reference point (Hardoy & Sattertherwaite 1989). To simplify the situation we refer to the amount of US$ 4 million that was the total cost involved in the development of the Western Tirana pilot site. In principle there are three options for the government to spend US$ 4 million on housing problems:

(i) **Government-Sponsored Approach (Public Housing)**

US$ 4 Million are spent on the construction of two-bedroom low-cost public housing. The cost of each unit is around US$ 8,000, once the government has the land title, the site is prepared, the building contractor is paid, and the infrastructure and the units are allocated. Thus, approximately 500 households or 2,250 people receive a relatively good-quality dwelling, on the assumption of an average of 4.5 persons per household. Cost recovery would be difficult from low-income or poor households.

(ii) **Sites and Services Approach (Public Private Partnership)**

US$ 4 million is spent on the Western Tirana serviced site, so that more households can be reached than in public-housing projects. Since the government holds the land title, a relatively central site of 70 hectares is selected. The amount of US$ 4 million is spent on site preparation and installing off-site and main on-site infrastructure and services. At an average cost of US$ 1,000 per site only for off-site and basic on-site infrastructure, some 4,000 households or 18,000 people could benefit. It would be easier to recover some costs than in the public-housing project, but for the poorer households US$ 1,000 for a site on top of the land cost, and the cost of constructing their own house and parcel infrastructure, would be too expensive.

(iii) **Improvement Approach (NGO/CBO Involvement)**

Suppose the municipality of Tirana makes available to the CBO of Breglumi neighbourhood the sum of US$ 100,000 for site improvement. CBOs have considerable flexibility as to how they choose to spend these funds, and to whom they will turn for technical advice. They can use NGOs for that purpose. Achievements with such a sum vary greatly with the characteristics of the site, local costs and the extent to which residents contribute their skills and free labour. Within a 15-hectare area with already 500 informal households, it should be possible to reorganise the site to allow better access to infrastructure and improvements. Support might be given to local artisans to fabricate materials that can be most cheaply and effectively made on site. Of the US$ 100,000 an average of US$ 150 per household is spent on improved infrastructure and services, with US$ 10,000 spent on technical advice, and US$ 15,000 on support for local businesses. The reorganisation of the site in plots of 200 square metres provides sufficient land for 250 more housing plots to be developed within the existing site, and the cost of providing these with infrastructure and services can be paid by selling them. With US$ 100,000 provided to 40 CBOs with an average of 500 households and 2,250 people, the total cost will be US$ 4 million and the programme will benefit 20,000 households or 90,000 residents. Since an average of 250 new housing plots was produced in each reorganised site, some 10,000 new plots with services can be developed to house about 45,000 more people. So, the project reaches in total 30,000 households or 135,000 people. Cost recovery is much better than in the two other approaches, and most households could afford to pay US$ 150.
Table 3: Summary of the Empirical Analysis
(Assuming an average family size of 4.5 persons for Tirana)

<table>
<thead>
<tr>
<th>Approach</th>
<th>Public Housing</th>
<th>Sites &amp; Services</th>
<th>Improvement Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement</td>
<td>Gvn. sponsored</td>
<td>PPP</td>
<td>NGOs/CBOs</td>
</tr>
<tr>
<td>Funds</td>
<td>US$ 4 million</td>
<td>US$ 4 million</td>
<td>US$ 4 million</td>
</tr>
<tr>
<td>Households</td>
<td>500</td>
<td>4,000</td>
<td>30,000</td>
</tr>
<tr>
<td>People reached</td>
<td>2,250</td>
<td>18,000</td>
<td>135,000</td>
</tr>
</tbody>
</table>

Conclusions

The schemes analysed in this paper were: (i) government-based housing provision; (ii) site-and-services approach; (iii) NGO/CBO-based improvement scheme. The intention was to investigate whether such approaches would enable urban low-income groups of Tirana to solve their own housing problems. The proposed analysis was based on the criteria effectiveness, efficiency, equity, sustainability, replicability, and impact. The NGO/CBO approach seems to be preferable.

Our findings support the NGO/CBO approach concerning:
(i) Effectiveness: findings indicate that the NGO/CBO scheme reaches low-income households better, produces a higher participation level of community involvement and develops more innovative and flexible methods to reach the objectives than the other schemes;
(ii) Efficiency: NGOs/CBOs show promising indicators of realising objectives at low cost. Limited resources are used efficiently, and the potentials of individuals, households, communities, NGOs, and businesses are exploited, too.
(iii) Equity: findings were also positive on that score. Services are provided for low-income groups as well as to other groups of the population at relatively equitable prices. Furthermore, access to the financial resources is provided, such as interest-free credits. With regard to the sustainability, replicability and impact, our findings were not so straightforward and conclusive as for the first three indicators, and more quantitative research is necessary on these criteria.
(iv) The findings on sustainability were promising but not as much as expected, and especially the limited self-sustainability of NGOs is disappointing.
(v) With regard to replicability the findings cannot be final since the projects studied are not yet completed, but some of the findings are promising in that respect.
(vi) Regarding the impact, there is not yet much to be discussed and for satisfactory comparison we will have to wait until the projects are fully implemented. At any rate, the approach has already shown considerable social impact.

The NGO/CBO scheme has not yet been widely applied as certain conditions have to be met to make it work:

First: The attainment of certain standards of a civic and democratic society in the country is crucial. We must accept that the existing political situation in Albania makes the implementation of the NGO/CBO approach in large-scale projects questionable. The unstable and unpredictable conditions of late years have created an uneven, almost surreal, kind of economic development (The Independent, Monday November 13, 1995) that is not favourable to the approach. The institutionalisation of markets and democracy is a crucial.

Second: Before any broad NGO/CBO-based housing programme is undertaken, a network of CBOs and NGOs, especially those with urban-development objectives, should be guaranteed. To raise and institutionalise the organisational degree of communities at the levels of CBOs and NGOs is of critical importance. Training of community leaders and qualification of NGOs and local government staff is also very important to understand the economic rationale of the approach.

Third: Adoption of the NGO/CBO approach does not mean that the government should have no role at all. Indeed low-income groups depend on the government, which should not tolerate non-supportive attitudes of
its agencies and staff, resulting in red tape and extra costs. Secure ownership of land and property is required to give communities the sense of permanence. Certain technical and safety standards should be imposed on communities. Other schemes requiring as little intervention from a weak government as possible should be introduced. Legal options should be presented to reduce the proportion of illegal housing and land subdivision for the housing of low-income groups. Establishment and institutionalisation of the land market are vital to the future of housing in Albania.

**Fourth:** Adopting the NGO/CBO approach does not mean that housing problems of Tirana will be over. Indeed it could promote a further informal invasion of land by illegal constructions. It is important that authorities orient their efforts to a *multi-sector approach* that within the legal framework could offer enough housing options to all income groups of population. For the low-income majority the NGO/CBO approach might release the site-and-services schemes from the pressure of illegal invasion, and make them available to the middle- and higher-income groups. Governments with fewer housing commitments should provide a certain amount of public housing to special groups such as the homeless, retired people, etc.

**Fifth:** The NGO/CBO approach implies considerable changes that might lead to further decentralisation of power and resources from the central to the local units of governance. This might raise the level of services and their quality as well. Nevertheless, the process has further implications especially in the political and economic sphere. More research into this matter is urgently required.

**Table 4: Final comments on the existing and recommended housing policy in Albania**

*(Summary of government attitudes to urban housing problems and different policy responses)*

<table>
<thead>
<tr>
<th>Housing</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4 recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
<td>Ignore and repress</td>
<td>Ignore problems</td>
<td>Considering problems</td>
<td>Enabling and market institutionalization</td>
</tr>
<tr>
<td>Policy</td>
<td>Public housing</td>
<td>Public &amp; private housing</td>
<td>S&amp;S and public housing. Institutional changes and research work</td>
<td>Improvement programs, S&amp;S and limited public housing, Institutionalizing land and housing market</td>
</tr>
<tr>
<td>Impact</td>
<td>No impact (increasing demand)</td>
<td>Minimal impact (high demand and illegal settlements)</td>
<td>Not matching the needs (still high demand and illegal settlements)</td>
<td>Higher impact becoming commensurate with the needs</td>
</tr>
</tbody>
</table>

At the end of this chapter one might ask: Where to go now? All the above-mentioned factors imply the need for further changes in the attitude to housing and in the government’s policy responses. We recommend a shift of the government’s attitude to the urban housing problems from the present stage 3 to a new stage. In that case, the new policy response should be to reduce the efforts for public housing and to focus on the housing-improvement programmes and site-and-services schemes (Table 4).
Public space in Bathore neighborhood before (1997) and after project (2000)

(Left) Mayor of Tirana and Representatives of Breglumasi CBO signing partnership agreement, and (Right) a social activity in Breglumasi neighborhood.

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