

UNEDITED DRAFT

In Search for Sustainable Solutions for Informal Settlements in the ECE Region: Challenges and Policy Responses



Table of Contents

Table of Contents.....	2
List of Boxes, Tables, and Figures	3
Boxes.....	3
Tables	3
Figures.....	3
Executive Summary	4
1. Introduction.....	9
1.1. Why do Informal Settlements Matter for Public Policy? Social Inequality and the Risk for Sustainable Urban Development.....	9
1.2. Addressing the Challenges of Informal Settlements: a Call for Action	9
1.3. Purpose, Structure and Objectives of the Report	11
1.4. Methodology and References.....	12
1.5. Types of Informal Settlements: Working Definitions	13
2. Factors Influencing the Development of Informal Settlements.....	15
2.1. Economic and Social Change	15
2.2. Urban Change: Urbanization and Migration.....	16
2.3. The Crisis of Displaced People and Refugees	18
3. The Phenomenon of Informal Settlement Formation in the ECE Region.....	19
3.1. Spatial Manifestation and Formation Processes	20
3.1.1. Squatter settlements	20
3.1.2. Settlements for vulnerable groups	22
3.1.3. Upgraded squatter settlements	23
3.1.4. Illegal subdivisions	25
3.1.5. Substandard inner city housing (slums).....	26
3.2. Location and Size	27
4. The Economic, Social and Environmental Challenges of Informal Settlements.....	29
4.1. The Economic Challenges	29
4.2. The Social and Environmental Challenges	31
5. Changes in Governance and Informal Settlement Formation	34
5.1. Constraints in the Land Management and Registration System	36
5.2. Constraints in the Planning and Approval System.....	38
5.3. Constraints in the Housing Provision System.....	42
6. Towards inclusive urban development: An opportunity to be seized.....	46
6.1. Regularisation and Legalisation	47
6.2. Regularization and Upgrading	52
6.3. Resettlement and Reallocation: an Issue for Public Housing	57
6.4. Alternative Housing Systems for Informal Settlements: Enabling Environment for Communities and Self-Provision of Housing.....	61
6.5. Addressing the Challenge of Substandard Inner City Housing: Urban Renewal and Regeneration Strategies.....	62
7. Concluding Comments	66
8. Learning from the Past, Looking to the Future: Issues for the Policy Dialogue	67
References	69
Statistical Annex.....	74

List of Boxes, Tables, and Figures

Boxes

Box 1: Informal Settlements in Tirana.....	21
Box 2: Housing Exclusion: the Case of Roma Communities	22
Box 3: The Housing Crisis of Refugees and Displaced People in Azerbaijan	22
Box 4: Upgrading Informal Settlements: KalugERICA	24
Box 5: Illegal Subdivisions in Naples.....	25
Box 6: Slums and Unsanitary Informal Housing Settlements in Belgrade.....	27
Box 7: Illegal Subdivision Transformed into Suburb: Pitesti	28
Box 8: Provision of Social Infrastructure and Community Facilities in Kamza.....	32
Box 9: The Environmental Challenges in the Peri-Urban Areas of Bishkek.....	33
Box 10: Planning and Land Management Constraints	35
Box 11: Planning Constraints in Montenegro	39
Box 12: Difficulties in Coping with Illegal Construction in Georgia.....	41
Box 13: Council of Europe Bank: Social Housing Projects.....	45
Box 14: Legalization of Illegal Construction in Informal Settlements in Croatia and Armenia	49
Box 15: Legalisation in Tirana	49
Box 16: Legalizing Informal Settlements in the Context of Rapid Urbanization in Turkey ...	50
Box 17: Challenges in Legalizing Informal settlements THROUGH REGULARIZATION AND UPGRADING in Greece (usually in Greece there is not extended squatting on public or private land, so these projects do not include serious situations in terms of legal rights on land parcels)	53
Box 18: Regularization of the Gorica Settlement in Bosnia and Herzegovina	55
Box 19: Legalisation and Upgrading of <i>Borgate</i> in Rome	56
Box 20: The Special Re-Housing Programme in Lisbon and Porto Metropolitan Areas.....	58
Box 21: Resettlement of <i>Chabolistas</i> in Madrid with Active AngagemenT.....	58
Box 22: Dutch Urban Regeneration: Focus on Deprived Neighbourhoods.....	63
Box 23: Vienna's Urban Renewal Program.....	64

Tables

Table 1: Refugees and Displaced Persons in the ECE Region.....	18
Table 2: Matrix of Informal Settlement Types.....	28
Table 3: Infrastructure Deficit in Informal Settlements in Tirana and Belgrade	33

Figures

Figure 1: Urbanization in UNECE Region, 2005.....	17
Figure 2: Informal Settlements in Belgrade	23
Figure 3: New Informal Housing in Belgrade.....	29
Figure 4: Disadvantaged Groups in Belgrade	31
Figure 5: Informal Housing in Greece after a Big Fires	34
Figure 6: Homeownership in the ECE Region, 2004	43
Figure 7: Households Experiencing Financial Difficulties Due to Housing Costs, 2004	44
Figure 8: Social Housing: Existing Stock and Rates of New Construction, 2004	45
Figure 9: Informal Settlements in Industrial Area-Astropyrgos (Greece), Which Has Been Regenerated Recently.....	46
Figure 10: Informal Settlements in the Peri-urban Areas of Pristina	51

Executive Summary

The purpose of this study is to provide a general overview of the phenomenon of informal settlements in the ECE region and to identify policy responses to address these challenges and results achieved. Emphasis is given to practices that can help and facilitate access to affordable land and housing to improve the livelihoods of residents in informal settlements, and in general strategies to improve the physical, social, economic and environmental situation of informal settlements.

The problem

The study has revealed that the problem is significant in more than 20 countries in the ECE region and affects the lives of over 50 million people. The critical factors affecting the formation of informal settlements are related to several major interrelated changes: (i) rapid urbanization and influx of people into select urban areas; (ii) wars, natural disasters and earthquakes leading to massive movement of people to places of opportunity and safety; (iii) poverty and the lack of low cost housing and serviced land.

Particularly, poverty and social exclusion are key drivers behind the formation of illegal settlements in most countries. While public expenditure for subsidized housing and urban rehabilitation is spiralling downward, the need to address the social and economic challenges in these areas is growing. Furthermore, pressures to reduce government deficits and redirect spending priorities towards more productive sectors of the economy also influence the ability of different countries to undertake comprehensive measures to address informal settlements. As a result, even western European countries have about six percent of their urban dwellers in extremely precarious conditions, often in rundown inner city areas, which are not necessarily illegal, but which exhibit poverty, social exclusion and housing deprivation. But particularly in low income countries, high unemployment, poverty and social polarization adversely affect people's ability to house themselves.

Inadequate housing is a central issue for informal settlements and it is thus essential to introduce good housing policy. However, a narrow technical understanding of housing policy cannot provide a comprehensive framework to tackle the multiple problems of informal settlements; the complex relationships between housing and other aspects of human life must be clearly understood and a broader role of housing policy in addressing disadvantages of informal settlements should be developed. There is generally a need for a new concept of housing policy. Such policy must be committed to social equity and to improving the standards of living of disadvantaged groups.

Social inequality needs to be seen as an obstacle for sustainable urban development and for cities to successfully compete at the local and global arena. Social justice must be a central agenda of holistic housing policy and a precondition for sustainable urban development. One of the necessary approaches is to make housing policy an effective mechanism in accumulating asset wealth for the poor through ensuring equal access and secure rights to resources essential to support a decent life.

Existing policy framework

The challenge of informal settlements is widely recognised in international and national programs on sustainable development. There have been a number of important policy documents related to the issue of informal settlements both globally and in the UNECE region.

Back in 1988, the *Global Strategy for Shelter to the Year 2000* (GSS) called for integrated global and national shelter strategies which would pursue improvement of the shelter situation of the poor and disadvantaged. Chapter 7 of the *Agenda 21* adopted in 1992 also addressed the problems of human settlements and signalled a transition towards a more

comprehensive policy agenda based on the idea of sustainable development. Following the *Agenda 21*, the Second UN Conference on Human Settlements (Habitat II) held in 1996 came out with the *Habitat Agenda*, which was adopted by 171 countries and which advocated 'adequate shelter for all' and 'sustainable human settlements development in an urbanized world'. Related social issues are also part of the *Millennium Development Goals* established by the UN Millennium Declaration in 2000; upgrading informal settlement, for example, is critical on the way of achieving its Target 11 on slums.

In 2001, a Special Session of the UN General Assembly was set to review the implementation of the *Habitat Agenda*; it reaffirmed the Agenda's commitments in the new *Declaration on Cities and Other Human Settlements in the New Millennium*. The latter ensures that 'everyone will have adequate shelter that is healthy, safe, secure, accessible and affordable and that includes basic services, facilities and amenities, and will enjoy freedom from discrimination in housing and legal security of tenure'. In order to achieve this fundamental goal, an emphasis is placed on collaboration between public and private actors and institutions, as well as on the identification of 'enabling strategies'.

The 2003 *Challenges of Slums* report of the UN-Habitat critically reviews previous policy failures and advocates tackling 'the main underlying causes' of the multiple deprivations of a settlement, including eliminating poverty and mitigating social inequality. It is recognised that insufficient social and physical infrastructure and the lack of government involvement to improve the conditions in some informal housing settlements are the driving forces that contribute to extreme poverty, higher child mortality and deteriorating urban conditions (UN-HABITAT, 2003).

In response to these global calls for action, national governments in the ECE region and UNECE also develop action plans, programs and policies related to housing and sustainable settlements and which also address in various ways the problems of informal settlements.

In the UNECE region, an 'enabling framework' for housing policies of the Member States has been endorsed by the Council of Europe with a commitment to ensure the implementation of housing rights through promoting affordable and secure access by those without sufficient resources (Revised European Social Charter of 1996 [Art. 31]). The *Charter of Fundamental Rights of the European Union* acknowledges that the problem of 'social exclusion and poverty' can be addressed by a system of effective social and housing support and guaranteed rights to property.

Translating the Millennium Development Goals into the context of the ECE region, a special report of the UNECE provides for a comprehensive framework including the following key 'clusters': an enabling environment for pro-poor and sustained growth; the equity issue; distribution of assets and opportunities, distribution of income and social protection; fostering employment and promoting human capital; enabling external environment; and environmental sustainability (the Millennium Development Goal: The Way Ahead, A Pan-European Perspective, UNECE, 2006).

The *Vienna Declaration on National and Regional Policy Programs regarding Informal Settlements in South Eastern Europe* has established the general characteristics of informal settlements while also taking account of the diversity of the phenomenon in different national contexts. The need to tackle informal settlements in a sustainable way and to prevent their future growing has also been recognized. This is based on a better understanding of the right of each citizen of the city to be an equal member of the community. A new commitment on 'sustainable urban management, good governance, urban social and economic integration of informal settlements within the overall city structure' has been made. The Vienna declaration has highlighted the need for an adequate legal and institutional environment and invited effective policies and programs to regularise informal settlements in a sustainable way by the year 2015 (Vienna Declaration, 2004).

In 2006, the UNECE Committee on Housing and Land Management adopted the *Ministerial Declaration on Social and Economic Changes in Distressed Urban Areas*. It

promotes the provision of adequate housing and identifies the improvement of informal settlements as a main priority. In its recent in-depth discussion (September 2007), the Committee emphasized the need for a comprehensive approach across the ECE region, integrating urban planning, housing and land management policies (ECE/HBP/2007/7; ECE/HBP/WP.7/2007/8).

Key Findings

- Types of informal settlements and policy approaches

Informal settlements include the following types: squatter settlements on public or private land; settlements for refugees and vulnerable people; upgraded squatter settlements; illegal suburban land subdivisions on private or public land, often on the urban fringe; overcrowded, dilapidated housing without adequate facilities in city centres or densely urbanized areas.

Many countries in the region have attempted to address the challenges of informal settlements in the last few decades through control over territorial development, land management and more systematic building inspection. The search for policy solutions to address illegal settlements has been multi-faceted and multi-dimensional. Various projects and urban development programs have been implemented in countries such as Spain, Italy, Greece and Portugal in the last 20 years. Although current needs may differ, these countries can be an important source of good practices for others in the ECE region facing similar challenges. In some transition countries, with a recent rise of the intensity of the phenomenon, efforts have focused on the general improvement of land registration systems and property cadastre to allow more effective land policy implementation. While these measures have not targeted explicitly the problem of informal settlements, they have generally provided a better foundation for urban planning, land management and building regulations.

The following major types of policy interventions are reviewed in the report: legalization; regularization and upgrading; the development of alternative housing systems; resettlement and reallocation; addressing the challenges of substandard inner city housing.

- Drivers of change

In general, the problems of informal settlements have not been systematically addressed and responsibilities remain fragmented. Informal settlements and residents have often been neglected in the wider urban and social development practices. Some communities in informal settlements have opted for self-organization, this initiatives being often backed up by the media, local governments and international NGOs. Even if such are limited cases, the process of self-organization has had many positive outcomes. Currently, however, there is a global call for urgent yet sustainable interventions for informal settlements. National governments are translating relevant global strategies into specific national contexts. Higher level governments are increasingly seen as key enablers of change in informal settlement. There is also a commitment to ensure equal access to basic human rights as well as fairness in wealth redistribution. Public-private partnerships are often at the centre of decision-making. A strong tendency towards mobilising local skills and knowledge can also be noticed.

- Successful interventions

Various urban development projects have been undertaken in the last 20 years (e.g. in Spain, Italy, Greece and Portugal). The solutions range from legalisation and regularisation to the provision of essential social and engineering infrastructure, to resettlement programs in social housing, and to inclusion in formal urban planning. It has been evidenced that it is only through adopting comprehensive integrated solutions that better outcomes of informal settlement interventions can be achieved. Successful responses should be based on acknowledging varied forces behind different types of informal settlements and the need to apply a range of policy tools (social, economic, spatial planning) simultaneously. For such integrated integration to be effective, they must be framed by long-term strategies to achieve

wider societal goals based on the principles of sustainability and social fairness. Equal, affordable and safe access to such basic human rights as land and shelter are the preconditions for the development of sustainable places and communities.

- Obstacles

A number of problems have prevented existing programs for informal settlements from achieving successful outcomes. Insufficient financial and human resources, burdensome regulatory rules, unclear administrative procedures, and unrealistic standards have all been reported as major barriers. In some cases, responses have been reactive and hostile rather than comprehensive, strategic and proactive. The failure of many programs can be attributed to the misunderstanding of the deeper causes underlying the formations of informal settlements, such as social inequality and unequal redistribution of wealth, as well as to a limited application of such policy tools as integrated land management and spatial planning. Responses to the housing question often remain very technical and the development of the housing sector has not been given a priority it deserves within the context of national economic and social development. The proper coordination between housing policy and other policies has yet to be developed. The belief in the market as a one-fits-all solution often further marginalizes alternative developments and reinforces the problems of informal settlements.

- Lessons for policy consideration

It is important to consider a number of important initiatives when translating the informal settlements agenda into local contexts; better outcomes have been possible because of:

- a) changes in policy-making towards a strategic vision and planning for short-term, medium and long-term solutions;
- b) the creation of an effective governance framework that joins key actors across different fields and empowers voices of marginalized groups;
- c) the establishment of a platform for a dialogue between key actors and effective public-private partnerships;
- d) the willingness to draw on existing practices and learn from other experiences to support the policy process; the eagerness for continuous learning and knowledge sharing;
- e) a new commitment towards fighting social inequality and establishing social justice;
- f) a thorough analysis of major causes affecting residents' living conditions;
- g) the establishment of efficient linkages between major policy fields - housing, land management and spatial planning;
- h) the development of urban strategies that focus on a settlement level but understand the importance of the settlement's connection to the wider social, economic, environmental and urban development processes.

Recommendations and key policy principles

Based on the study, the following key policy principles are proposed to guide informal settlement interventions:

1. There is no one-fits-all solution to address the problems of informal settlements and the choice of policy tools should be comprehensive and consider the specific socio-cultural context.
2. Policies to address informal settlements must be based on the understanding that they are spatial manifestations of social inequality, and the comprehension of the complex

and multidimensional nature of social inequality. Effective responses to multiple disadvantages within informal settlements should integrate different social-supporting measures.

3. The adoption of an integrated national strategy to address social inequality and unequal spatial redistribution of wealth is fundamental for better policy outcomes for informal settlements.
4. Joint-up and inclusive approach to governance must ensure better results in relation to informal settlements interventions.
5. Strategies for informal settlements must be based on a clear understanding of the nature of deprivation in particular informal settlements and should pursue an integrated, people-focused and place-based approach.
6. Housing, land and spatial planning policies must always be a key focus for the informal settlement policy interventions, and constitute part of an integrated national strategy to address social inequality and unequal spatial redistribution of wealth.
7. It is important to formulate a national strategy for housing that supports marginalised communities.
8. Informal settlements must be part of a well-designed system of land management committed to providing people with affordable access to serviced land.
9. There must exist a pro-poor spatial planning system based on the principles of sustainable development.
10. Effective policies for informal settlements must consider the development of social capital.
11. Knowledge and education, and access to information must be provided

1. Introduction

1.1. Why do Informal Settlements Matter for Public Policy? Social Inequality and the Risk for Sustainable Urban Development

Informal settlements are often characterised as ‘illegal’ residential formations lacking basic infrastructure, security of tenure, adequate housing, etc. But such interpretation is only the tip of the iceberg, underneath of which there are different complex socio-cultural processes that lead to the formation of informal settlements. In order to evaluate the phenomena of informal settlements, it is therefore necessary to analyse the underlying socio-cultural context.

Informal settlements have become persistent feature of urbanisation and globalisation. The break of the Soviet Union in particular has resulted in welfare state retrenchment, “privatisation” of public responsibilities, and commodification of different sectors. This situation, coupled with economic problems in many post-Soviet countries, has resulted in dispossession and impoverishment of large strata of the population and growing socio-economic disproportions. Soaring social inequalities have had a significant impact on the spatial patterns of cities, including the emergence of housing of extreme luxury where the rich have become segregated, while the majority of population have found themselves trapped in a chronic lack of necessary resources for their housing. The ‘incipient informal settlements’ have been the extreme signs of such social cleavages and should be considered as a great political challenge, because these manifestations of social inequality create significant challenge on the road to sustainable development.

The negative spatial manifestations of informal settlements can be either reinforced by inappropriate policies or successfully mitigated through proactive policies. A limited understanding of the problems of informal settlements, in which different aspects of deprivation are dealt with separately, renders a risk of failure to achieve intended results. Although there is a widespread recognition that informal settlements face a multi-dimensional deprivation and much of the policy-making process attempts to deal with physical (environmental), economic and social aspects, an explicit emphasis is necessary that social inequality is a fundamental underlying cause for the formation of informal settlements. There is therefore a challenge for public policy to approach informal settlement problems in a most comprehensive way.

Informal settlements are mainly discussed from the perspective of ‘housing problems’. Indeed, the development of proactive housing policy should be considered as a key element in informal settlement transformation. Housing policy, however, should be considered comprehensively and not in narrow technical definitions. The complex relationships between housing and other aspects of human life must be clearly understood and a broader role of housing policy in addressing disadvantages of informal settlements should be developed. There is generally a need for designing a new concept of housing policy. Such policy must be committed to social equity and to improving living standards of disadvantaged groups. Social inequality needs to be seen as an obstacle for sustainable urban development and for cities to successfully compete at the local and global arena. Social justice must be a central agenda of holistic housing policy and the precondition for sustainable urban development. One of the necessary approaches is to make housing policy an effective mechanism in accumulating asset wealth for the dispossessed through ensuring equal access with secure rights to resources essential to support a decent life.

1.2. Addressing the Challenges of Informal Settlements: a Call for Action

The challenge of informal settlements is widely recognised in international and national programs fostering sustainable development. The Habitat II conference in 1996 was a key historical moment signalling a new pathway for long-term policy development. A

comprehensive vision and wider policy agendas previously endorsed by the New Urban Agenda and the Global Strategy for Shelter (GSS) were reaffirmed. Furthermore, Chapter 7 of Agenda 21 introduced the idea of sustainable development in application to human settlements. This signalled a transition from fragmented policy responses towards a more comprehensive policy agenda.

The UN Habitat Agenda adopted in 1996 and the Declaration on Cities and Other Human Settlements in the New Millennium adopted by the Special Session of the UN General Assembly in 2001 reaffirm the commitment of Governments to ensure that “everyone will have adequate shelter that is healthy, safe, secure, accessible and affordable and that includes basic services, facilities and amenities, and will enjoy freedom from discrimination in housing and legal security of tenure”. In order to achieve this fundamental goal an emphasis was placed on collaboration between public and private actors and institutions, as well as the identification of ‘enabling strategies’.

Within the UNECE region, the Council of Europe has emphasized the importance of the ‘enabling framework’ for housing policies of Member States. In the *Revised European Social Charter* of 1996 (Art. 31), a more concrete commitment is advocated: “With a view to ensuring the effective exercise of the right to housing, the Parties undertake to take measures designed: to promote access to housing of an adequate standard; to prevent and reduce homelessness with a view to its gradual elimination; to make the price of housing accessible to those without adequate resources”. Furthermore, the *Charter of Fundamental Rights of the European Union* acknowledges the right to property and social security and social assistance. Article 34.3 states: “In order to combat social exclusion and poverty, the Union recognizes and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources”.

In this context, the UNECE Committee on Housing and Land Management adopted a *Ministerial Declaration on Social and Economic Changes in Distressed Urban Areas (2006)* to promote the provision of adequate housing identifying the improvement of informal settlements as a priority. In its recent in-depth discussion (September 2007), the Committee emphasized the need for a comprehensive approach across the ECE region, integrating urban planning, housing and land management policies (ECE/HBP/2007/7; ECE/HBP/WP.7/2007/8)

On a sub-regional level, the *Vienna Declaration on National and Regional Policy Programmes* on informal settlements in South Eastern Europe identifies the issue as a priority and invites policies to legalize and improve informal settlements in a sustainable way. It argues that the prevention of future settlements formation is critical through sustainable urban management, principles of good governance, and capacity building (Vienna Declaration, 2004).¹ In response to the global call for action, national governments in the ECE region have developed action plans and various programs to address the challenges of informal settlements, while recognizing the diversity of housing and land management systems including land administration in different countries.

The United Nations, along with its subsidiary bodies and other international organizations, acknowledges and recognizes secure tenure of housing as a fundamental human right. Addressing the challenge of informal settlements is also critical for the achievement of *The Millennium Development Goals*, particularly Target 11 on slums. Insufficient social and physical infrastructure and the lack of government involvement to improve the conditions in some informal housing settlements are the driving forces that

¹ In their effort to support Albania, Bosnia-Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and UNMIK/Kosovo in meeting Vienna Declaration commitments and improving the performance of the human settlements sector, the Stability Pact and UN-HABITAT joined forces and initiated a “Regional Capacity Strengthening Programme for Urban Development and Housing (RCSP)”, which is currently in its demonstration phase.

contribute to extreme poverty, higher child mortality and deteriorating urban conditions (UN-HABITAT, 2003).

In line with the principles of international agendas, this study builds upon the fundamental human right of secure housing tenure and access to ownership rights, access to adequate housing, access to adequate legal and institutional framework and thus to credit and economic improvement, and, in some cases, access to basic social and physical infrastructure.

1.3. Purpose, Structure and Objectives of the Report

The purpose of this study is to provide a general overview of the phenomenon of informal settlements in the ECE region and to identify policy responses to address these challenges and results achieved. Emphasis is given to practices that can help and facilitate access to affordable land and housing to improve the livelihoods of residents in informal settlements, and in general strategies to improve the physical, social, economic and environmental situation of informal settlements.

The document's structure reflects the major clusters selected for the strategic overview of informal settlement challenges in the ECE region. The in-depth discussion of UNECE Housing and Land Management Committee in September 2007, complemented by input from the session on the Working Party on Land Management in November 2007, recognised the need for cross-sector approaches to the problem with potential emphasis on better planning, land administration and provision of affordable housing. These discussions also stressed the need for urgent and coordinated action at the international, national and local level to deal with the economic, social and environmental challenges related to the informal settlement.

Thus, the first part of this report provides an overview of global and regional advice and guidance related to the growth of informal settlements. The second part highlights major economic, social and urban factors in the region responsible for the differences in the process of informal settlement formation. The third section explains the phenomenon of illegal settlement formation in the ECE region by looking at spatial manifestation and formation processes, and location and size. The fourth section highlights major economic, social and environmental challenges of informal settlements which is followed by a systematic review of the limitations in the planning, land and housing provision systems that accelerate the problems. Particular emphasis is given to the situation in transition countries where the phenomenon is fairly recent. The fifth section provides the linkages between informal settlement challenges and policy responses in different countries across the region. It focuses on four important approaches: (i) legalisation; (ii) regularisation and upgrading; (iii) re-settlement through social housing programs; and (iv) improvement through area-based renewal and social inclusion. The analysis highlights major achievements in addressing the multiple dimensions of informal settlement in the cities across the region. Finally, the conclusions draw attention to alternatives for local, national and global action.

The study has three specific objectives:

1. To describe factors influencing informal settlement development and defines the main characteristics of different types of settlements.
2. To review major constraints in the existing housing, land management and planning systems that exacerbate the problems in informal settlements. It provides an analysis of social, economic and political issues which have a direct influence on the urban development patterns of the countries.
3. To provide an overview of different policy approaches and actions at the international, national and local level that have been implemented, ranging from regularization, upgrading and resettlement.

Finally, some factors that should be taken into account in developing policies in terms of legal and financial frameworks in order to improve the institutional capacity and to effectively address the challenges of informal settlements in the region are provided.

The report tries to provide elements to answer to some of the most compelling research questions on illegal; settlements, such as:

- What types of informal settlements are emerging in ECE region and what are the regional differences in informal housing?
- What are the driving forces leading to informal settlement formation?
- Who is moving to informal settlements and why?
- What are the land administration and management policies and instruments to regularise informal settlements?
- Which policies have been applied at the local and national level, and what are the lessons learnt?

Each country needs to build and operate its own systems within its own social, economic and cultural environment. The publication suggests alternative ways to meet current requirements and makes only general recommendations on existing experience. It does not advocate any solutions because each country has a different history and experience.

1.4. Methodology and References

This analytical assessment is based on existing information from government reports, such as the most recent UN-HABITAT *Global Reports on Human Settlements and State of the World Cities Reports*. The analysis draws on comparative evaluations on the topic carried out by major international organizations such as UN-HABITAT, the World Bank (ECA), UNHCR, international research institutes, the UNECE *Country Housing Profiles and Land Administration Reviews*, as well as statistics from officially published sources of information and international databases. Papers presented at FIG Commission 3/ECE workshop on informal settlements “Spatial Information Management Towards Legalizing Informal Urban Development” (2007), were particularly helpful in highlighting the different approaches in the region.

In addition to the secondary sources of information, a special survey was designed and administered by the UNECE Secretariat to over 50 government officials and policy experts representing the countries in the UNECE Housing and Land Management Committee and Land Administration Working Party. A list of countries where there are significant informal settlement challenges and/or programs was created. The survey was organised to elicit information on several important themes:

- i) The phenomenon of informal settlement development: quantitative and qualitative assessment and factors affecting the process (e.g. limitations in the planning system, land administration and access to affordable housing);
- ii) Policy approaches and strategies to address the problems (e.g. legal acts to regularize and upgrade informal settlements and city or national programs in place);
- iii) Case studies of successful intervention and good practices with an emphasis on results achieved.

It is important to note that both the survey and this study do not focus on problems with illegal construction, such as additions, illegal changes to existing legal buildings and other modifications that exceed building or planning permit. Rather, the emphasis is on clusters of illegal developments establishing informal settlement patterns and neighbourhoods.

Country groupings. Efforts have been made to reflect the enormous heterogeneity in the UNECE region which is mirrored by the differences in the emerging types of informal settlements and the types of policy responses. UNECE member countries include some of the richest economies in the world and some of the poorest nations; those with long and strong democratic traditions and others with newly emerging democratic regimes, those with the highest level of housing provision and those with the most significant housing problems including housing deprivation and homelessness. These differences have a profound effect on the ability of these countries to address the challenges of informal settlements. The review uses three clusters as follows:

- **Central Europe:** Czech Republic, Poland, Hungary, Slovak Republic, Slovenia, Ukraine, Romania, Croatia, Bulgaria, Belarus, Armenia.
- **SEE:** Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Republic of Macedonia, Lithuania, Moldova, Romania, Serbia and Montenegro.
- **EECCA:** Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

1.5. Types of Informal Settlements: Working Definitions

Informal settlements are often reviewed in the context of informal housing, recognising the fact that they incorporate predominantly informal housing developments. The many categories of informal settlements range from sub-standard slums to housing that does not have the proper development permit. According to UN-HABITAT, informal housing can be described as housing that “does not conform to the laws and regulatory frameworks set up in the city in which it occurs” (UN-HABITAT, 2003, p. 104). *The Vienna Declaration on National Regional Policy and Programmes on Informal Settlements in South Eastern Europe* provides the following definition:

Human settlements, which for a variety of reasons do not meet requirements for legal recognition (and have been constructed without respecting formal procedures of legal ownership, transfer of ownership, as well as construction and urban planning regulations), exist in their respective countries and hamper economic development. While there is significant regional diversity in terms of their manifestation, these settlements are mainly characterized by informal or insecure land tenure, inadequate access to basic services, both social and physical infrastructure and housing finance

(Vienna Declaration, 2004, p.1).

Although there are different levels of informal housing, many definitions *emphasize informality of occupation and non-compliance with land-use plans as the main characteristics* (UN-HABITAT, 2003). Other characteristics of informal housing include:

- Lack of secure tenure;
- Housing that contradicts city by-laws;
- Housing built on land not owned by the housing owner;
- Lack or inadequate access to basic public services;
- Substandard housing or illegal and inadequate building structures;
- Illegal subdivision of buildings;
- Poverty, criminality and social exclusion; and
- Unhealthy living conditions and hazardous locations (UN-HABITAT, 2003; Payne & Majale, 2004).

There is great variation within the realm of informal settlements and housing. For three decades, ever since the expansion of irregular settlements has been perceived as a lasting structural phenomenon, the housing policy debate insistently refers to the question of *informality and illegality* of human settlements. An *informal settlement* is any human settlement where housing has been constructed without the requisite legal title for ownership and/or use of the land for residential purposes. References to illegality refer mainly to conformity with planning, zoning and construction norms and, more importantly, to tenure situations, e.g., squatting on public or private land. Residents of informal settlements often lack legal rights to the land and the house and are vulnerable to eviction. This vulnerability is sometimes amplified by a general inadequacy of housing, access to services, transportation, education and healthcare that result from the physical and legal marginalization of these settlements from their broader urban community. Such trends are observed in the region in some countries (e.g. Albania, Armenia, Georgia, Croatia, Montenegro and Serbia).

A misconception exists that informal settlement housing equates to slum dwellings². In many parts of the ECE region this is not the case. Although many informal housing settlements lack secure tenure, some settlements which have evolved without the proper planning permit on illegally subdivided land, have good quality housing, serviced by infrastructure but lack government documents such as development permits or registration in the cadastre. In other cases, construction might have been carried out by construction companies that are not legitimate and in violation of building codes and zoning regulations.

Examples from the ECE region highlight important differences in the characteristics of informal settlements. The *'first generation'* of informal settlements in Italy, Portugal, and Greece did not necessarily exhibit the characteristics of slums. On the contrary, the areas were frequently inhabited by low or middle class families, and contained housing construction of good quality, often on legally owned land. The illegal nature of these developments was associated with the lack of formal urban plans and/or building licenses. Similar manifestations occur today in the *'second or third generation'* of informal settlement formation in some of the Mediterranean European countries; due to the high international real estate market pressure it is hard and unrealistic to delay expansion of city plans in such areas and thus to restrict new construction. Market pressure becomes so high that applying control is hard especially when there is not a good cadastral and land management system in place. In some of the cases these are secondary homes. Good quality housing is also part of the informal settlements in Albania, Belgrade, pristine and Sarajevo.

Settlement type also has direct ramifications on the issue of informal settlements. The literature commonly refers to five main types of informal settlements in the ECE region:

- i) Squatter settlements on public or private land;
- ii) Settlements for refugees and vulnerable people;
- iii) Upgraded squatter/informal settlements;
- iv) Illegal suburban land subdivisions on private and illegal change of land-use regulations, often on the urban fringe;
- v) Overcrowded, dilapidated housing without adequate facilities in city centers or densely urbanized areas;

² Slums are often perceived to be informal settlements. UN-Habitat defines slums as contiguous settlements where inhabitants are characterized as having: (i) insecure residential status; (ii) inadequate access to safe water; (iii) inadequate access to sanitation and other basic infrastructure and services; (iv) poor structural quality of housing; (v) 2 Slums are often perceived to be informal settlements. UN-Habitat defines slums as contiguous settlements where inhabitants are characterized as having: (i) insecure residential status; (ii) inadequate access to safe water; (iii) inadequate access to sanitation and other basic infrastructure and services; (iv) poor structural quality of housing; (v) overcrowding (UN-HABITAT, 2003).

While there is a fair amount of analytical work on the topic of informal settlements and slums, it rarely touches on the problems in the countries in the ECE region. This is the first comprehensive study implemented for the ECE region to identify the scale of the problem and its many diverse manifestations peculiar to the region. Based mostly on review of available reports, studies and conference presentations and restricted primary research, as well as direct input from Member States, the study might be helpful to stimulate further debates, research in the region. It provides information on contemporary policy solutions, and evaluates good practices; it should not be, however, read as a blueprint solution, but rather as a recommendation to be translated into specific socio-cultural contexts.

2. Factors Influencing the Development of Informal Settlements

Countries in the ECE region have a range of different housing and land provision systems. They also have different planning and cadastral systems and in general different approaches in land development and land-related public administration structures. This legacy is an important determinant of housing conditions and persisting problems with informal settlements. The problem is significant around less than half of UNECE Member Countries 20 countries in the ECE region and affects the lives of over 50 million people. The critical factors affecting the formation of informal settlements are notably related to several major interrelated changes: i) rapid urbanization and influx of people into select urban areas; ii) war, natural disasters and earthquakes leading to massive movement of people to places of opportunity and safety; iii) poverty and the lack of low cost housing and serviced land; iv) inefficient public administration, inappropriate planning and inadequate land administration tools. Manifestations of informality are attributed to the lack of effective planning, effective land management system and zoning regulations for urban and rural development. Institutional constraints, coupled with the legacy of ineffective policies to deal with the problem of illegal construction on a large scale, often perpetuate this cycle of informality. While large scale peri-urban informal settlements are an integral part of the urban landscape in around less than half of the ECE region, overcrowded, dilapidated housing without adequate facilities in city centers or densely urbanized areas—another slum type of informal settlement formation—is a problem in all 56 countries. It is therefore necessary that problems contributing to the formation of these different types of informal settlements are properly acknowledged and appropriate policy is designed.

Notwithstanding these differences, housing policy and land management responses to the challenges of informal settlements in the last decade need to be reviewed in the context of economic, social and urban change. These drivers in different countries increasingly map a diverse set of policy challenges, and correspondingly, a very diverse set of approaches. The following sections will focus on some of the major aspects of change influencing the political economic and social context in which informal settlements develop as well as underlying policy interventions.

2.1. Economic and Social Change

The problem of informal settlements in its most acute manifestation is found mostly in low income countries in the ECE region. Lower level of economic and social development, coupled with significant economic restructuring in the last decade, was a major driver of dislocations and adjustment in the economies of cities and rural communities. Rising unemployment, poverty and instability acted as a push factor for rapid migration to places with jobs. Incidentally, these countries also have lower level of urbanization. These relationships are not necessarily straight forward, but need to be understood in the context of economic and social change affecting the countries' growth trajectory.

Nevertheless, most countries across the region have experienced economic growth in the last decade, with high GDP growth rates in transition countries, following prolonged recessions. Despite the uneven performance, this has delivered better living standards in Western Europe, North America and some of the Central European countries. Some of the major economic and social indicators that characterise the diverse performance in the 56 countries in the UNECE region are presented in Annex 1.

The recent expansion of the European Union with ten more countries in 2005 and another two in 2007 has provided a major boost for better economic performance in the new accession States. Macroeconomic data indicate that growth prospects in the Euro area are modest with the loss of momentum more apparent in the biggest economies—Germany and France. The average income per capita, measured in purchasing power parity, in Western Europe is US\$ 25,000, while in EECCA it tends to be as low as US\$2,500(UNECE, 2007). This crude measure of the level of economic development positions the countries in the region in very different clusters, making generalizations about appropriate policies to address the challenge of informal settlements particularly difficult. The average level of unemployment has remained high in Central and Eastern Europe (26.7%) and in Western Europe (7.6%), while unemployment in the EECAA has remained as low as 2.5% (UNECE 2007). These countries have sheltered their economies from the external shocks, but have also experienced deep recessions (EBRD, 2006).

While economic prospects across the UNECE are generally positive, poverty has become a significant social and political challenge. Over 74 million people in the European Union live at risk of poverty, with one in six people experiencing poverty after social transfers in 2005 (Eurostat, 2007). Groups at risk are the long-term unemployed, large or one-parent families, people with a low level of education, also increasingly ethnic minorities, with particularly deep pockets of poverty among Roma communities. Some of the common drivers are unemployment or jobless growth, but also regional inequalities and inadequacy of the social protection systems (European Commission, 2004). By contrast, the dimensions of poverty in EECAA are quite different. The subregion accounts for the largest share of people living in absolute poverty. While at the start of the reform poverty in countries in transition did not exist in the present sense of the concept, today more than 100 million people are classified as poor (World Bank 2002). The share of people living on less than US\$1 per day is alarmingly high in Armenia (12%), Tajikistan (12%), and Uzbekistan (19). The move towards a market economy and democracy has failed to deliver uniform benefits to all countries in transition and/or to all social groups and is often manifested in the growth of informal settlements in peri-urban areas.

Within the context of rapid economic and social change, at least in half of the countries in the ECE region, the growth of informal settlements is perhaps less surprising. Growing affordability problems, particularly in low income countries, where the combination of high unemployment, poverty and social polarization adversely affect people's ability to house themselves is part of the informal settlements challenge. Furthermore, pressures to reduce government deficits and redirect spending priorities towards more productive sectors of the economy, also reduce the ability of different countries to undertake comprehensive measures addressing the needs of informal settlements.

2.2. Urban Change: Urbanization and Migration

The UNECE region is highly urbanized, with more than 75 percent of the population concentrated in urban areas and a growing complexity of urban challenges. The level of urbanization in Western Europe is 80 percent, with the United Kingdom and Belgium exceeding 90 percent. In North America over 80 percent of the population is urbanised. Countries in transition such as the Russian Federation (73.3%), Poland (62%), the Czech Republic (74.5%) and Hungary (65.9%). have an average rate of urbanization close to 61

major urban centres in the UNECE region today, globalization has exacerbated social polarization and urban poverty. In the countries in transition, the reforms from centrally planned to market-based economies have added another layer of complexity. In many of these places the decline in living conditions is accompanied by rapid deterioration of existing housing, homelessness and formation of informal settlements in countries with rapid urbanization (UN-HABITAT, 2005a; 2007). The urban poor living in these settlements are especially vulnerable to economic shocks; they lack access to services, safety nets and political representation. Cumulative disadvantages, often defined along the lines of gender, age and ethnicity, create widening social differences between social groups, with low-income, single-parent or women-led households worst off.

2.3. The Crisis of Displaced People and Refugees

In addition to the challenges associated with urbanization and poverty, many countries in the UNECE region are or have been affected by war or civil conflicts. Almost 7 million have become refugees or are internally displaced (IDPs) in the last decade. Military conflict and violence in the Balkans and Northern Caucasus and Armenia has caused long-term stress for the housing systems of these countries. Across the region, internal displacement continues to be a major problem in the Balkans, the Caucasus, Turkey and Cyprus, where the number of IDPs stands at 2.8 million (see Table 1). Southeast Europe has experienced the largest refugee crisis in Europe since World War II. By 1995, the region witnessed the displacement of more than 2 million people creating unique housing challenges. Serbia and Montenegro still host the largest number of refugees and IDPs in Europe, including 226,106 IDPs from Kosovo/UNMIK. Refugees and IDPs are often the residents of informal settlements, although in some cases families remain in collective centres and refugee camps. Creating an atmosphere for sustainable return through the effective implementation of the right to property, education, housing, health care and employment should be an integral part of the overall strategy of stability and development in countries in the region affected by the refugee and IDP crisis (IDMC, 2007; Wegelin 2003).

Table 1: Refugees and Displaced Persons in the ECE Region

<i>Country</i>	<i>Refugees</i>	<i>Displaced Persons</i>
Azerbaijan		686, 586
Bosnia & Herzegovina	22,223	186,451
Cyprus		210,000
Georgia		247,000
Russian Federation	102,965	158,900
Serbia & Montenegro	149,915	226,106
Turkey		953,680 – 1,201,200
Canada	147,171	
France	137,316	
Germany	700,016	
Netherlands	118,189	
Switzerland	48,030	
United Kingdom	293,459	
United States	379,340	

Source: Refugee Data Refer to 2005, UN_HABITAT 2007b, IDP Data from IDMC, 2007)

Several countries in Europe and North America have become the home of a significant number of refugees and asylum seekers. The data in Table 1 presents the number of refugees

in countries where pressures are significant. Geopolitical changes of the past decade, in particular the liberalization of movements of persons from Central and Eastern Europe, have enlarged the geographical frame of reference for international migration. The growth of migration flows originating from Romania, Ukraine and war torn countries in the Balkans, to Germany, United Kingdom and Switzerland, and more recently, Italy and the Scandinavian countries has increased significantly. Immigrants often settle in the capital cities and in some cases become part of the underground economy.³

The integration of immigrants remains a major issue for many countries in the ECE region, particularly those with limited ability to provide adequate shelter and social assistance. Most countries increasingly rely on a mix of integration and assimilation policies promoting market-based solution to housing choices (CECODHAS, 2007). In several countries (Greece, Italy, Canada and the United States) the lack of policies aimed at improving housing for refugees and immigrants in the context of an exclusively private housing provision has resulted in growing housing problems and squatting. For example, in Italy, housing problems of immigrants have been defined as ‘dramatic’ (Mandic, 2006), particularly the undocumented or ‘irregular’ immigrants living in slums and squatter settlements. In Greece only half of the country’s one million immigrants are recorded and the situation in reception centers for refugees is reportedly inadequate (ibid, 2006).

3. The Phenomenon of Informal Settlement Formation in the ECE Region

The history and evolution of informal settlements is diverse and varied in terms of standard (from slums to luxurious residences), location (from suburbs to city cores and protected areas) and size (from several small units to settlements for over 50,000 residents), and from single family houses to multi-story buildings). Among other objective reasons, the flow of migrants from rural areas, but also the influx of refugees and internally displaced people has contributed to illegal and sporadic construction in larger cities. Apart from addressing urgent housing needs, illegal investments in real estate have been used by many households as a ‘shield’ against instability and hyper-inflation. Often these areas lack roads, basic infrastructure and social facilities (schools, hospitals, safe access to water and sanitation etc) thus contributing to the creation of subareas.

On the one hand, illegal housing construction meets urgent housing needs of the marginalised groups and constitutes a valuable if only little-recognised asset for their livelihood. Alain Durand-Lasserve (2006) defines the following aspects shaping people’s perception of ‘safety’ against eviction: i) the length of occupation; ii) the size of the settlement; iii) the level and cohesion of community organizations; and iv) the support that concerned communities can get from civil society groups, such as non-governmental organizations. These factors may stimulate investment in housing by low-income groups and this ‘unrecognised’ asset significantly supports their livelihood. This ‘shield’ of informality against the marginalization of the formal market must be taken into account while designing policies to transform informal settlements.

On the other hand, middle-income and high-middle income groups also contribute to the formation of ‘informal settlements’ (either on private or public land). Investing in housing that is not permitted hedges them against instability and hyper-inflation. The perception of such investment activity as ‘shield’ depends on how many other assets they hold to reduce the

³ The overwhelming majority of migrants entered South European countries without a residence permit, which they obtain thanks to frequent legalization schemes (since 1986 five in Italy, four in Spain, three in Portugal, one in Greece). Taking into account all the applications filed for legalization, one can estimate that three out of four people in Italy, more than half in Spain, over 30% in Portugal, and nine out of ten in Greece are unauthorized (Jahn and Straubhaar, 1999).

risk of eviction and loss. Such social groups have certain political weight, economic and cultural capital to normalise their unauthorized conditions. However, the reality of their situation becomes much complex today and cases reporting demolition of high quality housing increase.

3.1. Spatial Manifestation and Formation Processes

This section introduces a framework for the analysis of informal settlements with reference to their formation process, location, size and spatial organization. A number of characteristics are used to identify important types of informal settlements, which correspondingly assists in understanding the differences in policy approaches to deal with their economic, social and environmental challenges. Despite a great range of spatial manifestations across the region, the literature suggests that there are several major types of informal settlements:

- a) Squatter settlements on public or private land;
- b) Settlements for refugees and vulnerable people;
- c) Upgraded squatter settlements;
- d) Illegal suburban land subdivisions on legally owned private and illegal change of land-use regulations, often on the urban fringe;
- e) Overcrowded, dilapidated housing without adequate facilities in city centers or densely urbanized areas;

In different ways, all five types of informal settlements accommodate the needs of the urban poor and other disadvantaged groups and exacerbate their poverty. In several countries across the region the formation of informal settlements is not new, but goes back to the 1950s and 1960s. Particularly, in Italy, Greece and Portugal internal migrations have significantly contributed to the urbanization processes. Moreover, in some cases, better economic conditions rather than poverty have led to certain forms of informal constructions along coasts and in holiday areas.

In others, the informal settlements are fairly recent, but have become the dominant form of urban growth in the 1990s. It is important to note that in some cases residents of some informal settlements are not necessarily poor, rather the informality of the development is used as the only way to overcome existing complex and time-consuming planning and long delays in expanding of city plans and development permitting procedures and unrealistic land management constraints. Of course, there are also limited cases where both individuals and developers have built housing with speculative purposes without any planning or building permit but on privately owned land acquired through legal means. In other words, many manifestations of informal settlements across the region invoke images of poverty, exclusion and despair, but there are certainly examples where this is not always the case. These processes producing different types of informal settlements should be established since different corresponding policy approaches will be necessary.

International literature also has useful examples to provide, for example, several housing policies developed to support slum dwellers, who are by definition poor, failed to succeed simply because people are profit oriented and are willing to sell the houses offered to them by the state, get the money and go back to live in the slums (Barry, 2007). All these cases, and experience gained from other countries, should be taken into consideration when adopting policies to tackle the phenomenon of informal settlements

3.1.1. Squatter settlements

One of the most enduring manifestations of informal settlements, and one that has attracted the most attention, consists primarily of squatter housing. Thus, squatter settlements are

settlements established by people who have illegally occupied an area of land and built their houses upon it, usually through self-help processes. Terms associated with this type of spontaneous settlement in the ECE region are shanty towns, peri-urban settlements and slums. Terms in other languages include *baracas*, *favelas*, *bidonvilles*, *gecekondus*, *chabolas*.

Squatter settlements are part of the urban landscape in more than 15 countries in the region. Some of them, in Southern Europe date back to the 1960s; others in the post-socialist countries of former Yugoslavia were established in the 1970s and 1980s, while in Central Asia they have a much more recent origin—the early 1990s. These settlements are primarily the result of rapid movement to cities due to migration and changes in the urban economies, or the result of a gradual process of occupation and incremental growth. The settlements, often in peri-urban areas and on public or private land, have grown to become municipalities in their own right, housing hundreds of thousands of people. Over time housing has been followed by some ad hoc development of small scale retail and services in response to local demand. These are indeed signals of a spontaneous evolution towards more complex and organized settlements, which must be supported. Such community processes may be valuable resources contributing to better policy outcomes.

Although the initial settlements may have been the result of the authorities turning a blind eye, particularly during the immediate post-socialist inflow of migrants to the cities, today the scale of these developments presents a severe problem. For example, in Albania informal settlements contain up to a quarter of the population in major cities and 40 percent of the built up area (see Box 1). In Macedonia they are home of 11 percent of the population in the 14 largest cities. In Belgrade informal settlements take up to 40% of the residential areas. In Kyrgyzstan, 150,000 to 200,000 people have migrated to Bishkek from the provinces in the past five years. Osh, the country's second largest city, has seen a similar influx resulting in informal substandard housing on the outskirts. The housing units often lack basic necessities, such as sanitation and running water (IFC, 2006).

Box 1: Informal Settlements in Tirana



The estimated population of the Tirana region has grown from 374,000 in 1990 to 618,000 in 1999. Close to 55% of the population lives in informal settlements. Incoming villagers would occupy a plot of land and start building a house, adding floors and finishing construction over time. As a result, Bathore, an attractive hillside on the outskirts of Tirana, is a new neighbourhood of illegal, three-storey houses with no roads, sewage or electricity. Those who first occupied land then illegally sell parts to newcomers. Illegal construction usually means no access to schools or health care.

Source: ECE 2002

In addition to the large peri-urban squatter settlements, there are many other examples of smaller pockets of informal housing built illegally under bridges and overpasses, on vacant plots of land close to industrial zones and railway reserves, steep riverbanks, landslides, waste dumps and landfill sites. The land, often public or private, is unstable or unsuitable for urban development and has no services and access to essential infrastructure. These marginal squatter settlements are often makeshift, built with temporary materials and the residents often

face a threat of eviction and demolition. The location and conditions in these squatter settlements is immensely diverse, but more importantly, their residents often face multiple exclusion. Roma communities, “mahalas” dating back to the 19th century, are unfortunate examples of this situation.⁴ The evidence below highlights the dimensions of the problems in marginalized squatter settlements in many cities the region (see Box 2).

Box 2: Housing Exclusion: the Case of Roma Communities



The Roma in Serbia and Montenegro often live in unsafe and impoverished areas. They build housing by themselves using non-durable materials or employing unused old railway cars, buses etc. The majority of their housing units are, in fact huts, shacks or so-called tent settlements. In a number of these settlements connections to water tend to be illegal; there is no waste collection, no sewerage systems and no indoor plumbing. In Serbia around 70 percent of Roma households reportedly live in dwellings with no water connection, over 80 percent with no sewerage and 65 percent in illegally built settlements. In Montenegro, 32

percent of the Roma live in collective centers and 47.6 percent live in barracks while 45 percent lack plumbing and tap water at home.

Source: World Bank, 2005

3.1.2. Settlements for vulnerable groups

Recently developed informal settlements by refugees and internally displaced people across the ECE region are often similar to the squatter type, but they might have been established with the permission of the state or the municipality as a temporary, rapid response to a major crisis, such as the war-related conflicts in Armenia, Azerbaijan, the Balkans and Cyprus. These settlements, although newer, often have extremely poor conditions. Residents were expected to be there for a short time but this turned out to be a more permanent solution attracting more people to the original group. These slums are generally found in the urban periphery, in pockets of marginal land, or close to collective centers for refugees.

Box 3: The Housing Crisis of Refugees and Displaced People in Azerbaijan



Currently there are close to 1 million refugees and IDPs in Azerbaijan, which makes up 12 percent of the total population. Although 14 years have passed since the beginning of Armenia-Azerbaijan conflict, over 1,722 refugee households have not been permanently settled. Within the IDP population, there is still a sizeable group living in unsatisfactory and precarious conditions. After 10 years, over 55,000 of them still live in tent camps, 32,000 in prefabricated temporary houses, 57,000 in farms and dig-outs, 8,000 in railway cars and the rest in hostels, public buildings, unfinished construction

⁴ Romania has the highest absolute number of Roma in Europe – between 1 and 2 million, while this share tends to be lower in Hungary, Bulgaria, and Slovak Republic. In Western Europe, the largest Roma populations live in Spain (around 600’000), France (around 300’000), Germany (around 70’000) and Italy (around 100’000).

buildings with no utilities. Long-term solutions are being envisaged through resettlement (as the new homes in Walicki demonstrate), or restitution and compensation schemes. The government of Azerbaijan has allocated some 60,000 hectares of state and municipal land to IDPs and created 760 farms providing livelihoods for about 47,000 IDPs so far.

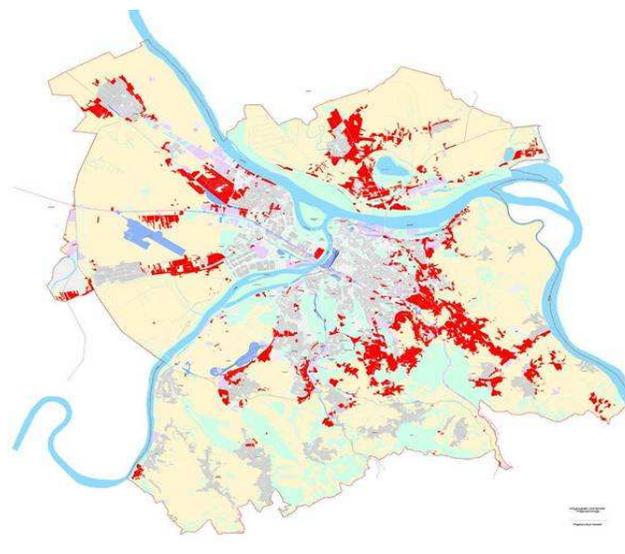
Source: Ministry of Economy, 2003

Similarly to Azerbaijan (see Box 3), informal settlements for refugees, IDPs and victims of earthquakes, providing basic shelter in overcrowded slum type conditions, exist in Montenegro, Cyprus, Turkey, and the Caucasus. In Armenia about 40,000 families are without permanent shelter, mostly refugees or victims of the 1988 earthquake. About 40% of these live in temporary structures, *domics*, small caravans set up in public places. Dormitories and damaged unsafe housing provide shelter to another 10%. Others live in former hotels, schools and kindergartens converted to temporary housing, which is also the case in Georgia.. These vulnerable groups continue to face poor housing conditions and significant obstacles to return and local integration (IDMC, 2007).

3.1.3. Upgraded squatter settlements

Within the informal settlements across the region, there is a great variety of settlement patterns and historic circumstances. Some that have started as squatter settlements in the peri-urban areas in the 1960s (Turkey, Greece and parts of former Yugoslavia), have evolved into more established neighbourhoods. Skopje, for example, has 27 illegally constructed neighbourhoods dating back to the earthquake in the 1980s.

Figure 2: Informal Settlements in Belgrade



Source: UN-HABITAT, 2006

There is a risk that under such regeneration programs a priority may be given to physical upgrading with a result that other aspects important for ‘improving living conditions’ are neglected. It is essential to provide security of tenure and to deliver integration of informal settlements into a broader urban structure and society. There is a great risk for marginalised

people to be displaced either physically or by market forces if a neighbourhood regeneration strategy is isolated from complementary policies.

On the other hand, there is evidence that legalisation process based on recognition of freehold rights also does not work. These policies usually succeed in that services become upgraded in informal settlement, but there is little evidence that legalisation of land rights actually takes place. Even if such policies achieve individual security of tenure, they fail to integrate people and places into the broader urban structure and society.

It is the legalisation of housing rights that gives legal security of tenure, ensures socio-spatial integration of people and communities and assures the rights of people to stay in places after the transformation process. The recent regularization practices have shown that alongside an effective system of tenure security it is very important to recognise rights to adequate and affordable housing, especially for marginalised groups. It is not simply individual property rights to which housing rights are related. A number of sustainable programs that integrate both upgrading and legalization have recently been reported. An integrated approach is argued to control both formal and informal land markets. In this way, it is residents of informal settlements who will benefit from public investment rather than property developers or other interests who do not fulfill their commitment to provide people with adequate and affordable housing.

In Belgrade informal settlements occupy 22 percent of the land for construction (see Figure 2), and in Istanbul, 70 percent of the population lives in informal housing (*gecekondu*). Variety also exists in the legal status of these settlements: while most begin with an illegal occupation of land, over time some security of tenure is acquired with a formally recognized legal title of land (e.g. in Serbia and Former Yugoslav Republic of Macedonia). In the case of Greece the legal status, in the majority of cases, was not squatting, but full ownership of illegal sub-divided rural land which was through the years formally recognized. Due to various overlapping regulations, and non-compliance with planning norms, residents often lack planning permit (Box 4).

Box 4: Upgrading Informal Settlements: Kalugerica

Kaluderica is one of the fastest growing settlements in Serbia and arguably be the largest village in the Balkans. Located just 8 km away from Belgrade, it has grown rapidly together with the city since the 1980s when it was home to 12,000 people. Its population today is estimated at 50,000, accommodating the influx of the refugees from Bosnia and Herzegovina, Croatia and Kosovo. Although officially classified as a rural settlement, five times the size of its municipal seat Grocka, Kalugerica is a city built by its residents in an informal way. Most of the houses do not have a building permit, but the residents own the land and it might be even registered in the cadastre. Over time, people have negotiated connections to infrastructure, built roads and arranged for services by Belgrade's City Public Transportation Company and the Telekom of Serbia.

Source: Belgrade Master Plan

Over time, *de facto* legality is implied by the fact that the settlements are not demolished, (due to the lack of affordable housing policy), and some infrastructure, such as piped water, electricity and sewer has been gradually provided (e.g projects in Ankara or illegal connections in Serbia, and in most cases in Greece). There are cases where these settlements are included in the new master plans of cities, recognizing their alternative development standards. Since the 1970s, tolerance towards squatter settlements has grown and the numbers of forced evictions and demolitions have diminished. This has enabled some of the more established settlements to develop rapidly, with residents investing in their homes and improving the local environment. These upgraded settlements are often vibrant neighbourhoods with a viable rental and homeownership markets. In some of the *gecekondus* in Istanbul and Ankara, studies highlight a pattern of commodification manifested in the

replacement of older homes with multi-storey, multifamily structures capitalizing on land values and locational advantages (Carley 2001; Devecgil, 2005).

3.1.4. Illegal subdivisions

Some of the informal settlements in the region are not necessarily poor quality, under-serviced housing areas. Residents in these settlements often have a title to the land, but the housing is built without a planning and/or building permit. Unauthorized land developments or illegal subdivisions are widespread on the fringes of cities in Southeastern Europe—from Serbia to Bosnia and Herzegovina and Greece. Illegal subdivisions refer to settlements where agricultural land has been subdivided and sold by its legal owner to people who build their houses often through self-help methods. Peri-urban land is transformed to urban use by landowners without any official planning permission and licenses. In some countries the process has been commodified and used by developers to provide housing to middle class families (e.g. Italy, and Turkey). The example in Box 6 illustrates this process in Naples. The settlements are illegal because they might violate zoning regulations, the standard of infrastructure is low and the land subdivision often does not meet planning standards for right-of-way, road access and provision of public spaces. Nevertheless, the housing built, while often constructed of permanent materials, might not meet building standards. These settlements, as the practice demonstrates, are often tolerated due to populist politics and legalized through incorporation in the city's urban plan over time. It is important to be mentioned here, that massive legalization has never been applied in Greece without an urban regeneration program. Legalization has happened only after the integration into the city plan and only after the completion of the necessary environmental improvements and infrastructure provision, and most important, only after an individual inspection about the stability capacity of each construction and the examination of its environmental impact. This is the major difference between the approaches used in Albania, Italy and Turkey and the Greek approach.

Most occupants of illegal subdivisions build, extend and improve their own housing over time. *De facto*, not all dwellings in such settlements are owner-occupied, but tend to include a vibrant rental housing market, controlled by individual homeowners and by speculative developers.

Box 5: Illegal Subdivisions in Naples

Illegally constructed neighbourhoods in Naples house middle-class families. The best-known case is Pianura, a neighbourhood that sprung up during the 1980s, when five- to seven-storey buildings were built without authorization from the city in an area classified as agricultural. The development is illegal in the technical sense of having no building permits and violating the zoning plan; but the land was legally bought by private developers who built the housing in compliance with existing building standards. The housing was sold at prices only 15–20% below the cost of legal units. With the connivance of the authorities, the development was linked to the public water and electricity system, and later to the sewerage system. Growth in Pianura is still strong – rising from 38,500 residents in 1981 to 54,000 in 1991, with higher homeownership rates than the city average. This type of illegal construction is widespread outside of the centre of Naples, leading to the emergence of many residential areas of different scale.

Source: UN-HABITAT, 2003:84

Similar examples of illegal subdivisions across the region are associated with sub-urban settlements in recreation zones and coastal areas. The problem seems to appear in Albania, Greece, Spain, Croatia, Cyprus, Italy where such responses may be driven by profit and speculative investment in a growing market of vacation homes, but also first residences in a better environment. These might be low density housing developments in rural areas with construction of good quality.

It is worth mentioning here the innovative approach applied in the municipality of Keratea (which is not a wealthy area), in Greece (Potsiou, Dimitriadi 2008), where the regeneration, expansion of city plans and provision of the necessary improvements are all fully funded by the owners. This fact proves that people in general, even if they are not rich, they are willing to pay in order to become legal and improve their neighborhoods. They do not try to avoid any costs or the legal way in development; it is the unrealistic procedures and the long delays that force them to become illegal. This is an initiative of good practice.

3.1.5. Substandard inner city housing (slums)

Overcrowded, dilapidated housing without adequate facilities in city centers or densely urbanized areas is a form of informal settlement that is widely spread across the region. These inner city neighbourhoods with slum-like conditions originally developed as planned areas. They gradually have lost their attractiveness over time and have filtered to low income residents and illegal migrants living in overcrowded and substandard conditions. The systematic lack of investment to maintain the buildings in the areas has gradually eroded their quality over time. Although initially well serviced by infrastructure, further subdivision of apartments, shared facilities and obsolete technical systems might contribute to the premature aging of the housing stock. Examples include public housing projects, but more often private rental housing for industry workers and single room occupancy hotels. In general, occupants pay controlled rent and value the inner city location that gives them easy access to casual jobs and services.

Security of tenure in these types of informal settlements might not be a problem, but the quality of housing is a major concern. Substandard housing is defined as housing with at least one of the following problems: housing built for temporary use; housing units not fulfilling the minimal regulatory requirements specified in building codes; housing without basic utility services (indoor toilet and bathroom); housing in structurally unsound buildings with bad physical conditions. There is no systematic data across countries on these conditions, making comparisons particularly difficult.

In Western Europe, for example, the proportion of people facing at least one problem (overcrowding, inadequate living conditions related to dampness, darkness of housing, or lack of indoor facilities) shows that several countries tend to have a higher share of people living in this type of substandard housing (close to 25%)—Belgium, Spain, France, Luxembourg. In Portugal this share is as high as 40 percent (Eurostat, 2007). Across the transition countries, some estimates by UN-HABITAT indicate that about 10 percent of the urban population lives in slum conditions without access to basic services and/or in overcrowded dwellings. In Central Asia more than half of the urban population lives in slums (56 percent in Tajikistan, 52 percent in Kyrgyzstan and 51 percent in Uzbekistan). Elsewhere in the region these rates are 30 percent for Moldova and Kazakhstan and 19 percent in Romania, Bosnia and Herzegovina, Croatia and Macedonia (UN-HABITAT, 2005a). Although urban areas reportedly have higher levels of service, close to 3 million people in European cities lack access to piped water and 8 million to sewer (UN-HABITAT 2005a).

Countries in transition have a significant share of their housing stock poorly serviced with piped water and sewer. The data presented in Annex 3 indicate that the situation with piped water supply in the housing stock in CIS countries is particularly problematic in Moldova and Uzbekistan with services available in one third of the stock. In CEE, Albania and Romania stand out with half of the housing lacking piped water. As in the case of water supply, sewer services are most problematic in Albania, Romania and EECA countries. The data indicate that a limited share of the housing has bath/shower—Uzbekistan (13.3%), Bosnia and Herzegovina (22%), Kyrgyzstan (24%), Moldova and Turkmenistan (30%).

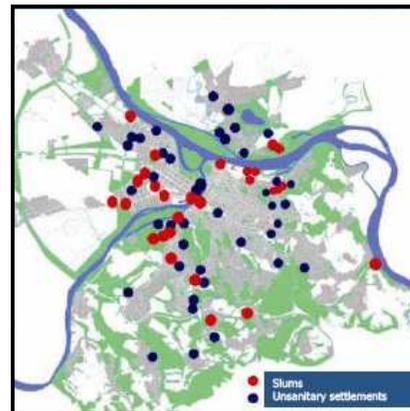
In addition, the share of substandard housing has increased dramatically in war affected countries. In Bosnia and Herzegovina these challenges are particularly significant. Some 445,000 homes in the country have been partially or totally destroyed, which is more than a

37 percent of pre-war housing stock. In Kosovo/UNMIK, 30 percent of the housing stock was damaged, while in Croatia the damaged and demolished housing stock is over 200,000 dwelling units, or close to 13 percent of the total for the country (Wegelin, 2003).

3.2. Location and Size

Informal settlements tend to cluster in two very broad types of location—inner city and peri-urban areas. The centrality of location often implies older, more established formations close to the old city, or its industrial zones. Residents benefit from the proximity of employment opportunities, but often inhabit substandard housing on sites that are exposed to environmental and health risks, normally unfit for urban development (see Box 6).

Box 6: Slums and Unsanitary Informal Housing Settlements in Belgrade



In 2003, the Belgrade Urbanism Institute determined that there were about 90 of informal settlements in Belgrade, 64 of them unsafe and over 20 urban slums. Half of these settlements are found in the central areas—under bridges, near public transportation and in dumps. Housing is built from scrap material and there is no access to public infrastructure. The total population is in the range of 25,000 and most of them are Roma.

Source: Urban Planning Institute of Belgrade, 2004.

In most cases informal settlements, especially large scale formations, concentrate in the periphery (because of limited land supply and a lack of housing programs for low-income groups, a lack of spatial planning and instruments to integrate low-income groups into wider socio-economic processes at different spatial levels). These could be squatter settlements on public land or illegal subdivisions outside urban/municipal boundaries. The quality and standards of housing are generally better and some illegal connections to existing infrastructure might ensure much-needed electricity and water. Residents of these settlements are relatively effective in resisting attempts to demolish or relocate them. In some cases (Romania Box 7), due to active leadership, they negotiate inclusion in the urban boundaries relatively quickly, particularly if the land is legally owned, and leverage investment in roads and infrastructure.

Box 7: Illegal Subdivision Transformed into Suburb: Pitesti



The illegal subdivision in the city of Piteshti emerged very quickly following the restitution of agricultural land on the outskirts to its previous owners. The new owners quickly subdivided the land of 4.1 hectares conveniently located next to a housing estate with 5,000 flats and a protected forest. The new owners, mostly residents from the multifamily housing in the estate, took possession of over 300 plots of land and started to build their dream home. Today, close to 105 new houses at various stages of construction boast a mix of urban and rural lifestyle. Within a few years the area was included in the municipal boundaries with hastily approved zoning and planning regime. Two thirds of the land plots are still waiting for development and the land values have increased significantly. Residents provided private roads, which take only 9 percent of the land, connected to electricity on the basis of cost recovery and arranged for piped water supply and septic tanks. They even managed to pool resources to provide gas, but still use the public infrastructure in the neighbouring housing estate.

Source: Soaita, 2007

Although some of these settlements, accommodating the haphazard and rapid movement to urban areas from the past, have been upgraded over time, urban problems are manifested in inadequate infrastructure, shortages in water and electricity supply, and limited access to services such as education and health (UN-HABITAT 2002a). The legalization of these settlements requires significant investments. The Table 2 below provides a summary of the major types of informal settlements with a reference to their location and quality.

Table 2: Matrix of Informal Settlement Types

	<i>Inner city</i>	<i>Peri-urban</i>	<i>Substandard/Slums</i>	<i>Relatively good quality</i>
Squatter settlements on public or private land;	•	•	•	
Settlements for refugees and vulnerable people;	•		•	
Upgraded squatter settlements	•	•		•
Illegal suburban land subdivisions on private or public land		•		•
Overcrowded, dilapidated housing without adequate facilities	•		•	

4. The Economic, Social and Environmental Challenges of Informal Settlements

Addressing the problems of informal settlements requires better understanding of the driving forces contributing to their expansion and growth. Countries in the region experiencing informal settlement growth are grappling with the same set of systemic problems related to lack of access to affordable housing, inefficient spatial planning policies and an incomplete system of land management as well as growing urban poverty, though in very different national contexts. A common element of this process in transition countries is the combined effect of economic transformation and civil strife, which has provoked a sudden acceleration of urban migration and proliferation of informal settlements in more than 12 countries. Central and local governments were largely unprepared to face the pressures on land, housing and services. Fifteen years later illegal or informal construction covers large tracts of peri-urban land being the home of both socially vulnerable groups and relatively well off migrants to the cities.

As stated by Gabriel (2007) “This is not simply an ‘urban planning problem’, but a rather more complex and intractable phenomenon which, unless rapidly and efficiently addressed, may threaten the long-term sustainability of urban communities” (p. 5). Recognising that the types and processes of informal settlement formation are multidimensional in nature, often varying widely between countries and within countries and cities, this section highlights the economic, social and environmental challenges associated with their proliferation.

4.1. The Economic Challenges

Figure 3: New Informal Housing in Belgrade



Source: Vuksanović, 2006

While research indicates that there is a growing acceptance of the ‘informal city’ in most countries in the ECE region, its economic and social challenges have largely been underestimated. The lack of affordable housing policies, the scale of the informal developments, and their persistent presence in some cities, has forced both international institutions and national governments to recognize the fact that informal settlements are here to stay. Interventions have moved towards the design of more efficient and practical ways to improve these neighbourhoods through urban policies that are cost efficient and socially inclusive. Meanwhile in the transition countries, the rapid growth of the ‘informal city’ has

been recognized as a manifestation of the largest economic challenge that local governments and cities need to face (see Figure 3).

In economic terms, informal settlements mobilize significant public and private investments, which remain outside of the formal economy and investment cycles (De Soto, 2003). In addition, they are associated with significant public sector costs, explicit and implicit. Settlements often take over public land, shifting the cost burden to local governments and public institutions. The land, often developed in a sporadic and expensive way with single family housing, is underused due to its low density sprawling pattern. Informal settlements also impact on the government's ability to manage and plan land use – as the owners illegally occupy parkland, former industrial zones that are unsafe for residential development, or occupy land that may have more productive commercial or social uses. While this might not be the highest and best use of the land, the squatting creates long term problems for the orderly development and growth of the city, its servicing requirements and overall real estate potential. Owners usually do not pay property taxes or user fees; often connect illegally to infrastructure, thus reducing the revenue available to government to provide essential services.

Informal settlements are a vital element of the informal economy and real estate market. Housing and land in these locations is traded without the involvement of real estate agencies, registration in the cadastre and required payments of state taxes and dues. While this makes housing more affordable and reduces transaction costs, it cannot be mortgaged or used as collateral for other business purposes (De Soto, 2003). At the same time, this might be a single largest asset of the residents in these peri-urban areas boosted by sweat equity and remittances from family members. Since there is no tenure security in most of the cases, this investment is constantly under threat of being lost ('dead capital'), particularly due to environmental hazards (floods, landslides, earthquakes) or demolition in cases of road widening and other major infrastructure developments. The informality of the market is not attractive to the owners, nor is it to the notaries, lawyers, surveyors, banks and insurances involved. In the majority of cases, people are forced to become extralegal.

A number of remedies (ranging from the provision of basic services to social housing programs and relocation) are regularly provided in order to open formal markets for the marginalized groups in informal settlements. However, they have had a limited success. Informal practices remain the only affordable option for low-income groups to access housing and land. If informal settlement interventions are to be efficient and sustainable, the 'achievements' and capacity of the informal sector to deliver assets to the poor must be appreciated.

Although there is still disagreement whether informality is part of the problem or a possible solution, informal strategies play an essential role in supporting the livelihood of the marginalized groups. While designing policy interventions, governments must recognize this potential of the poor for self-provision and mutual support, as well that the informal sector helps the functioning of the urban economy. It is important to support such productive environment through integrating informal settlements with the formal economy. Creating opportunities for labour must be considered part of the solution to the problems of informal settlements. In case of regeneration of neighborhoods, there are some good examples in international literature, e.g., in projects applied in several countries UK, Germany, Austria but also in India, etc.

Notwithstanding the economic challenges for the individual residents, informal settlements pose a high political and economic cost for governments, especially in cases of evictions, legalization and resettlement. Efforts to document the extent of informal development as well as to allocate the extra institutional capacity to integrate the settlements into the planned area of the city are extremely costly. Furthermore, local governments and public institutions need to deal with land and real estate registration, dispute resolution and in

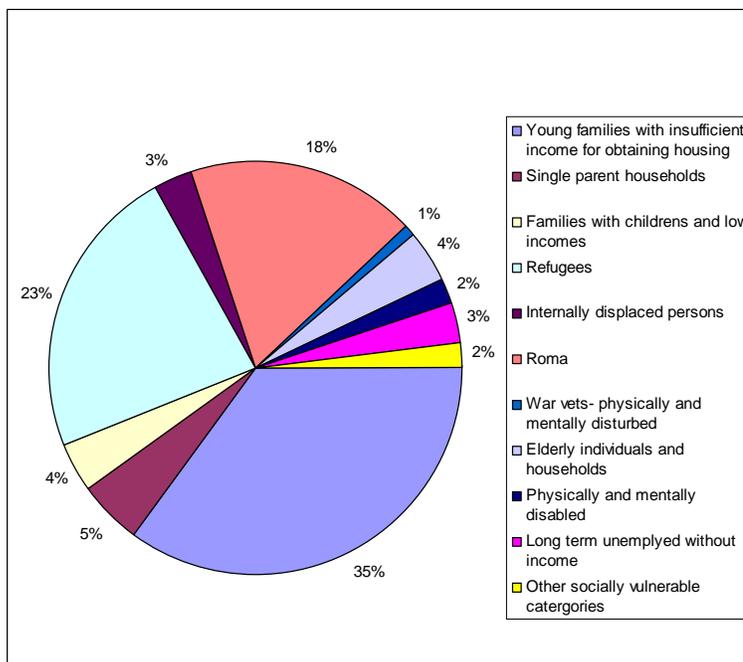
some cases compensation of private landowners. Often the inability to absorb these costs perpetuates the tolerance to the ‘informal city’.

4.2. The Social and Environmental Challenges

The variety of spatial manifestations of informal settlements across the region is associated with many different social dimensions to the problem. Notwithstanding these differences, several issues are important: residents of informal settlements are often poor and disadvantaged facing higher unemployment, social hardships and tenure insecurity.

Evidence suggests that demographic pressures from IDPs and vulnerable groups (such as the Roma population) are met by informal housing settlements (Council of Europe Development Bank *et al.*, 2004). Figure 4 presents the disadvantaged groups in Belgrade residing in informal settlements, where young families with insufficient income for obtaining housing are the largest percentage at 35%; next is refugees which comprise 23%; and the third largest demographic is the Roma population with 18% (UNECE, Conference Vienna, 2004). Without financial resources and stable employment, many IDPs and refugees who moved to Belgrade to start a new life in 1995 and 1999 used Belgrade’s informal housing potential as possible solutions.

Figure 4: Disadvantaged Groups in Belgrade



Source: UNECE, Conference Vienna 2004

In countries such as Kyrgyzstan, Albania, Bosnia-Herzegovina and Azerbaijan, as a result of rapid shifts in local economies and/or war, hundreds of thousands of relatively poor migrants or internally displaced people have moved to the capital cities. The new arrivals have settled in the peri-urban areas where they build houses on unserviced lots, squatting on private or public land. In most cases poverty and deprivation are manifested in the poor quality of the housing being built as well as in the substandard pattern of urban development without any social or technical infrastructure. The example from Kamza illustrates some of these problems in the newly created neighbourhoods (Box 8).

Box 8: Provision of Social Infrastructure and Community Facilities in Kamza

The Municipality of Kamza is one of Tirana's informal housing settlements with over 90% of all dwellings being constructed illegally. The settlement was primarily agricultural land in the early 1990s but has grown substantially to around 60,000 residents today (Besnik et al., 2003). Residents have emigrated from the north-eastern regions of Albania, with the hope of a better life and greater opportunities. Children (0-15 years) account for 40% of the population, adults have a low level of education, high unemployment rates (around 50%) and half of all households live below the poverty line (Municipality of Kamza, 2002). The plan below shows the proposed land use and social infrastructure of Kamza where the planning process is attempting to identify the location of much-needed public open space, schools and medical facilities. The average density of the area is 22 people per hectare, while the average home is 119 sq m, twice the average for Tirana. Housing is initially built in shack form and then upgraded as remittances are received and resources are found. While planning efforts and the work of NGOs such as Co-PLAN have boosted the confidence of residents and led to US\$110 million investment, despite its limited revenue the local government in Kamza is involved in complex negotiations with the squatters to gain land for social infrastructure.

Proposed Land Use and Social Infrastructure of Southern Areas of Kamza



Source: Besnik et al., 2003

In addition to the lack of access to schools and social services, peri-urban settlers generally do not hold secure land or housing tenure, facing potential threat of eviction. There are cases in the region, where this might be different, for example in Bishkek (Kyrgyz Republic) the city has handed out unserviced land plots to some migrants (World Bank, 2007). Security of tenure is not an issues in most of the cases in the older settlements in Serbia, Macedonia and Montenegro (in some cases residents own the land), however the lack of social infrastructure—schools, medical clinics and social services—perpetuates a spatial form of social exclusion.

In several countries, one of the worst consequences of living in an informal settlement is not the lack of title to the land or formal registration, but the fact that households are not eligible for unemployment benefits and social security payments or cannot access the local schools for their children. While the former problem requires a comprehensive approach to the transformation of informal settlements that understands a crucial connection between physical interventions and economic and employment policies, the latter problem needs a solution that understands the need for the provision of basic services as an essential precondition for policy intervention. Informal settlements present significant social hardship for many of the residents, as the experiences from Bishkek indicate. Residents of the *novostroiki* without an official registration “propiska” cannot vote or access social benefits, and have limited access to schools. Preschools are not available and children commute to more distant municipal schools (World Bank 2007)

The environmental challenges in informal settlements are associated with an unplanned use of land, contributing to urban sprawl and defunct infrastructure. People lack access to clean water, adequate roads, public transport, and reliable electricity. The situation also

adversely affects the quality of life in the “formal” areas of the city, where urban run off, downstream pollution from garbage and sewer discharged directly in rivers create serious environmental threats.

The infrastructure deficit in informal settlements is significant. Often illegal connections are the only means to gain access, which is unreliable and inefficient (Deda, 2003). The illegal tapping lowers the efficiency of public utility companies and exposes regular users to power and water cut-offs. Since most residents in informal settlements do not pay the full price for infrastructure usage, the revenue is unable to support the growing demand for infrastructure improvement and extension. Correspondingly, the systems deteriorate with serious economic and environmental consequences.

Table 3: Infrastructure Deficit in Informal Settlements in Tirana and Belgrade

<i>Amenities (% of dwellings)</i>	<i>Informal Settlements in Tirana</i>	<i>Tirana</i>	<i>Albania</i>
Sewage	46%	91%	58%
Piped Water	41%	95%	56%
Central Heating	0%	2%	2%
Access to Electricity	68%	97.3%	86.5%

Source: ECE, 2002; Municipality of Tirana, 2004

<i>Access to Infrastructure (% of dwellings)</i>	<i>Roma Settlements Belgrade (2002)</i>	<i>Belgrade (1990/91)</i>	<i>Serbia</i>
Sewage	25.2%	92%	78%
Piped Water	47.1%	98%	90%
Central Heating	N/A	49%	28%
Bath or Shower	40%	96%	80%

Source: ECE, 2005; Tsenkova 2005

Data in Table 3 present the infrastructure deficit in informal settlements in Tirana and Belgrade. The differences in access to essential services are significant compared to the average for the city and the country as a whole. In the case of Roma settlements in Belgrade the disadvantages are most explicit. Only a quarter of all Roma settlements have access to sewage, compared to 92% for Belgrade; 47% have piped water compared to 98% in the city on average. Even though data is lacking for other informal settlements in Belgrade, it can be assumed that a comparable lack of access to infrastructure might exist.

In addition to the infrastructure deficit, some settlements are directly exposed to environmental hazards associated with land slides, flooding, poor drainage, environmental pollution and exposure to various environmental hazards (see Box 9). These challenges create health risks for the residents, often children and women, and threaten their livelihoods.

Box 9: The Environmental Challenges in the Peri-Urban Areas of Bishkek

Large internal migration flows in the Kyrgyz Republic in the past ten years have seen the emergence of new slums in the periphery of Bishkek—the so-called “novostroiki.” Today there are 47 precarious settlements of this type in the city—the largest has 4,800 land parcels, while the smallest have about 100. Many migrants often live in shoddy structures. Most of the settlements lack basic infrastructure services and are often located in areas where there are adverse environmental health-related impacts. One of the most populated slums, the Ak-Bosogo settlement, has very serious problems with water supply. Another populated area, Bakai-Ata, is located close to the ash dump of the Bishkek power and heating station, which is the source of heavy pollution. Even a slight wind lifts ash into the air covering all houses and facilities in this residential area. Underground water is very close to the surface and causes destruction and flooding of houses during winter and fall. Other settlements located

in the lower part of the city are flooded after rains or melting snow, which regularly destroys the houses. Drainage systems are also collapsing due to the lack of funds to repair these systems.

Source: Rakisheva, K. 2002. "Impact of the Internal Migration upon the Poverty Problem." Mimeo. As Cited in World Bank (2003). Kyrgyz Republic: Enhancing Pro-poor Growth.

In summary, informal settlement growth contributes to environmental degradation at many levels; i) erosion occurs from unpaved and undrained roadways in informal settlements; ii) residents without sewer systems increase pollution of local water sources through prohibited discharge; iii) garbage is dumped in piles along the road or in a local river. In some cases informal settlements might create environmental hazards through development in natural reserves and protected areas. Examples of individual illegal constructions can be identified in the coastal areas of Spain, Greece, Italy and more in Croatia; in most cases such constructions that are within protected areas of high environmental or cultural value (like archaeological sites) have been demolished (Pachic, D., 2007, Panunzi 2007).

Figure 5: Informal Housing in Greece after a Big Fires



Source: Potsou, 2007

5. Changes in Governance and Informal Settlement Formation

Recognizing the economic, social and environmental challenges of informal settlements is an important step towards the design of different policies and practical solutions to their problems. Against the backdrop of rapid growth of informal settlements and/or the persistent presence of the 'informal city' in some countries in the ECE region, local, national and international policies have steadily evolved from repressive approaches aiming to eradicate slums to a growing recognition that inefficient housing, planning and land management systems aggravate these problems.

Improving conditions of living must be a central focus of policies aiming to transform informal settlements. There is a need for housing-led interventions. However, in order to achieve a real effect for people in informal settlements, it is imperative to develop a new understanding of housing problems and a new integrated approach to housing policy. A national strategy for affordable and equal access to shelter for all and especially for the most vulnerable groups is very important. In this context, it is governments that play a greater role by not only setting an appropriate regulatory framework, but also by guaranteeing basic human rights and social protection for most vulnerable groups and a fair redistribution of wealth. Focusing merely on planning and land management systems cannot guarantee the achievement of these objectives.

Spatial planning and land management are usually understood as market-based regulatory tools to deal with public policy issues (e.g. housing) in countries with minimal role left for the social housing sector. It is well documented that dealing with housing problems through planning mechanisms could further marginalise the state-based approaches to provide low-income groups with affordable access to housing and land. If not integrated into a national housing strategy, planning and land management tools can be used to transfer costs to the private sector, but they can not guarantee the implementation of wider social objectives. There is good evidence showing how planning increases housing prices and contributes to affordability problems. Furthermore, part of the problem informal settlements suffer can be attributed to the exclusion of them from the wider spatial strategies and lack of plans integrating low-income residential developments. There is also good evidence of inefficient supply of cheap land together with unclear land rights that are crucial for building affordable housing.

It is now widely understood that migrants to the cities often end up as squatters in the informal settlements because the formal housing and land market is often unaffordable to these groups. Government support for housing solutions for the urban poor and disadvantaged groups has dwindled in the past decade shifting the burden to local governments, community groups and individual households. Following the move to a market based economy much of the burden for housing naturally shifts to the private sector along with the local governments. Illegal or informal land acquisitions, subdivisions and other self-help solutions are perhaps a natural coping mechanism for the urban poor migrating to the cities in the shanty towns, baracas and squatter neighbourhoods. While in its new enabling role the state offers services and acts as a coordinator of policies and actions in the urban sphere, the market alone has not been able to provide affordable and adequate housing to all sectors of society. The informal settlements are a distinct manifestation of this change in governance. At its best this enabling strategy has resulted in improved legislation, infrastructure and services as well as community driven attempts to regularize informal settlements. At its worst, however, it has turned a blind eye to their growth, constrained land supply, exacerbated corruption, and forced the poor into spatially and socially isolated slums.

In a context of globalisation and of economic and political liberalization, the result of such policies has been the impoverishment of poor and disadvantaged groups in cities, the explosive growth on the number and size of informal settlements in peri-urban areas with a combined effect of more complex and costly problems that need to be addressed. There is a widespread acknowledgement that resolving the ‘urban problem’ of informal settlements is related to the nexus of improved access to affordable land, housing as well as transparent and efficient planning regime. A study of the World Bank (2007) on informal settlements in transition economies succinctly summarizes these issues (see Box 10)

Box 10: Planning and Land Management Constraints

The analytic and project work of the World Bank in a number of countries in the region points to the following common factors that influence illegal and informal development:

- *The absence of a recent “regulatory plan” (land use plan) and approved local regulations for land use.* Plans may be out-dated or incomplete. Many specifications like setbacks, width of major roads, floor area ratio, and maximum heights may have to be negotiated project by project. This practice increases the cost of construction by causing lengthy delays and creates the impression of arbitrariness and opportunities for corruption. If the process is lengthy and unclear, many citizens may not have the knowledge, time or funds to follow the procedures.
- *The lack of funded municipal programs to build primary infrastructure.* Without the benefit of current infrastructure network plans, developers are obliged to build and finance on their own the off-site links between their units and the existing network, or extensions of the

network. This leads to fragmentation of the system, making it uneconomic and expensive to maintain. Individuals may have no access to infrastructure or may 'buy' illegal hook-ups.

- *The difficulty of acquiring undeveloped land, officially and legally, for construction.* Most vacant land around cities is either encumbered by disputes over title or claims for restitution, or belongs to the government and is therefore not on the market. The ability of developers and individuals to find out about available land is hampered by incomplete records. .
- *High transaction costs in the formal sector, complex processes and unresponsive institutions.* In many countries the costs – in time, money and number of offices visited – to formally construct and register a building are substantial. Again, lengthy and confusing processes may 'encourage' the informal sector, and the absence of strong enforcement by the responsible agencies also contributes.

Source: World Bank. 2007: 3

This section highlights some of the challenges created by the existing planning and land management approaches. In addition to the need to go beyond orthodox planning and land title/registration solutions, it emphasizes the systemic problems in the market-based housing provision systems exacerbating housing inequalities and resulting in informal housing.

5.1. Constraints in the Land Management and Registration System

Cities across the region, particularly in post-socialist countries, bear the main brunt of recent economic and social transformation—rapid urbanization, privatization of land and real estate, brisk introduction of new institutional, administrative and fiscal systems to manage urban development and massive illegal construction (Tsenkova, 2006).

Constraints in the supply of land. In some post-socialist cities, privatized urban land, in the absence of reformed regulatory instruments for strategic planning to guide land allocation and titling, was massively invaded and developed by individuals at a scale that may challenge local government's ability to rapidly provide roads and technical infrastructure to hundreds of thousands of new residents. Municipalities in transition countries, as a result of decentralization, have acquired many new functions without the adequate resources to fulfill their mandate. The challenges of performing local development and management under fiscal austerity in post-socialist cities are well documented. This financial weakness, coupled with inability to borrow in capital markets and the dependence on central government transfers, drastically reduces the capacity of local governments to develop and maintain services. In the cases where the city's population has almost doubled with a large share of new development being part of the 'informal city', creating a huge infrastructure deficit, the financial commitment to service these areas is not commensurate with the available local revenue and the fiscal regime under which local authorities operate. These fiscal constraints contribute to the shortage of serviced urban land for future development. However, in some countries of the ECE region (in Italy for example), the excess of formal planning scattered amongst hundreds of actors, offices and sectors that do not interact has also limited effective land supply.

Land privatization, and in some countries restitutions, has been implemented with various degrees of success. The scale of this land tenure transformation has been very dramatic, particularly in EECAA countries where private ownership over urban land was non-existent. For example, in the Russian Federation over 50 million people and legal entities have acquired private ownership of land and 129 million hectares of land, comparable to the area of Western Europe, has become privately owned just within 4 years (ECE, 2002). Together with legal and institutional developments related to land cadastre and valuation, privatization has facilitated the establishment of a modern land administration system. Implementation, however, in most countries is constrained by a multitude of problems: (i) incomplete land registration systems; (ii) ineffective control due to inadequate institutional capacities; and (iii) lack of transparency in land restitution and privatization.

In addition to a dynamic process of land ownership transformation, the supply of land to achieve affordable housing objectives and the implementation of social housing programs is often constrained by the lack of effective land-use planning to guide development. There is a need for land transfers that would provide private developers with cheap and serviced land in return for mixed tenure housing development schemes. These land practices enable people of low income to have equal and affordable access to different housing choices.

Fifteen years later, evidence suggests that most urban markets have become more fragmented, reflecting differential opportunities for development and profit. Land barter deals, very common at the start of the transition, have lost their attractiveness, but land prices in the capital cities and growth centers have increased. The myriad of ownership arrangements has created significant barriers for the efficient operation of urban land markets contributing to the growth in land prices. In some EECAA countries urban land is auctioned by municipalities, reportedly under procedures that are not very transparent.⁵

Incomplete land registration systems. Although most governments have accelerated the development of modern cadastre systems, which is a precondition for an effective land management, the coverage is often limited (e.g. in Montenegro up to 60%) and the information on illegally constructed buildings is not incorporated. In some countries where the scale of this construction (e.g. Serbia, Turkey, Greece, and Croatia) is so prevalent, the incomplete state of the cadastre constrains standard development and affects the cost of land with clear property title (Potsiou, Ioannidis 2006). In response to these challenges, some countries have allowed registration of illegally constructed buildings (without a building or occupancy permit accompanied with a special remark, e.g., in Georgia). However, systematic detection by aerial survey might be difficult due to financial and human resource constraints. Detection and registration is a complicated process, which might be difficult in some countries where nearly half of the construction tends to be illegal or has some informalities. For example, in the Belgrade region, recent annual production by the formal market has been around 1,500 units per year, mostly for the upper segments of the market, while informal production has ranged around 50,000 a year. Furthermore, high fees and the difficulty in collecting the required documentation also contribute to the non-registration of land and housing.

Not only is the supply of serviced residential land constrained by local governments' lack of capacity to finance necessary infrastructure, but also by a cumbersome and lengthy approvals process. Typically, even if developers have access to land with a clear title, cash-constrained municipalities will shift infrastructure costs and demand various approvals and permits which reportedly take more than a year (?) to collect. Overall, this has led to high cost of serviced land on the market and fragmented nature of land supply, particularly in large cities with greater demand. These developments are accompanied by the occupation of agricultural land in the urban periphery and the growth of informal settlements where the combination of inefficient administrative systems and urban poverty creates a cycle of economic and social deprivation.

It is in this context that the problem of informal settlements, particularly those created by the urban poor ought to be viewed. As stated by Gabriel (2007), "there is a growing awareness that informal settlements, while undeniably a 'problem' from an urban management point of view, may have to be seen rather as the only currently feasible 'solution' in terms of social response to a deficit produced by largely artificial imbalances in the supply of land, by resulting escalation of land prices (p.4)".

⁵ There are presently two ways of allocating land for housing construction in Kyrgyzstan. Land plots can be offered for sale on the open market, or municipalities can sell land by auction. Notably, however, despite the provisions of the land code, the actual process in the auction and sale of residential land plots can be considered non-transparent, resulting in a high level of irregularity (IFC, 2007).

While in some countries with established housing and land markets spatial planning can be considered as a central policy tool, in other countries, particularly transitional countries with a long history and tradition of strong state support for the majority of citizens, spatial planning must be supplemented by other policy instruments. The possible choices can be a direct provision by the state, the establishment of 'socially responsible' public-private partnerships, subsidies, elimination of inappropriate standards, etc. In certain contexts, social housing policy should be considered a better strategy to achieve wider social goals.

Clearly this is not a problem that land administration agencies alone can solve as it involves multiple levels of government and major policy choices. The challenge is to develop a system of records which closely resembles the complete state of affairs in the case of informal settlements. The ideal situation is when records are complete, current, and accurate, and the system of records is designed to suit the human, financial, technical and communication resources available. At the same time, it is imperative to start planning within informality with available information, and try to do so in the most effective way. Informal settlements call for immediate action, and there is not enough time to gather all the information that might establish ideal conditions for taking immediate action. The 'learning by doing' approach might be appropriate in some situations. As technical managerial skills develop, and more of the other resources become available, the level of sophistication of the record system should increase, as should the level of integration of these records with other land information. The multipurpose character of the cadastre should be broadly advertised.

A further challenge when developing land records for informal settlements is that local social and political circumstances are not likely to change in a linear fashion. The accuracy and completeness of the information in the cadastre, including the information on informal settlements, is critical for a well functioning real estate market and the protection of land and property rights. Availability of digital and accurate data sets with common spatial reference concerning ownership, value, and use of land, is essential for efficient decisions of policy makers, planners, real estate developers and individuals. The decisions to legalise informal settlements may be impossible to implement without this information. For example, The Real Estate Registration Project, supported by the World Bank, helped to regularize 500,000 illegal constructions in the Kyrgyz Republic. This was done as part of the on-going systematic registration process and resulted in a significant growth in the use of property as collateral for credit; during 2005 Gosregister registered US\$418 million equivalent in mortgages.

5.2. Constraints in the Planning and Approval System

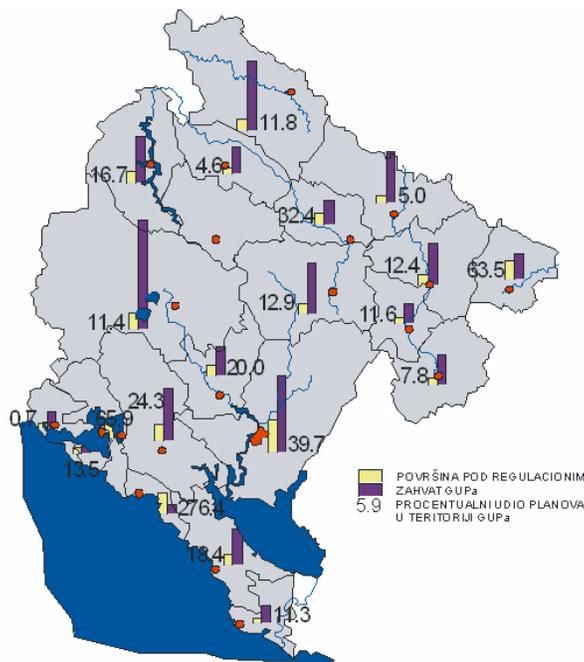
Planning has a critical role in defining the appropriate strategies to respond to the existing informal settlement's challenge. It provides an essential ingredient of the legal framework for regularization and upgrading. Planning is often delegated to the local level. The critical constraints related to these responsibilities are associated with the lack of institutional capacity and resources to effectively plan and manage development at the local level. Countries have decentralized functions to municipal authorities by enacting laws on Local Self-government. Decentralization seems to have amounted to a transfer of responsibilities to the local level without a commensurate transfer of resources, human and financial. Besides the already noted problem of fiscal constraints and weak capacity to invest in essential infrastructure and services, local governments in some cases face significant human capacity constraints to guide the planning process and to enforce in operational terms compliance with detailed plans and normative prescriptions of building permits. The private sector has a role to play. Compilation and implementation of the necessary spatial data infrastructure (cadastral, hydrological, geological, and planning and regeneration projects, etc) may be commissioned to the private sector under the supervision approval and control of the local authorities. Real estate property taxation may be directed to the local authorities and be re-invested in the areas. However, until there is some real estate there to tax, local authorities should be funded by the central government. Legalization of informal settlements may be the way to bring extra

revenue to the local authorities. Owners of informal settlements should contribute to the costs for the services and the necessary improvements in their neighborhoods.

There is a need for a change in the countries' spatial planning practices. Planning system should now consider ways in which different potential players can be integrated into spatial planning processes. Their capacity to participate and influence spatial decision-making processes must be strengthened. While there is a need for local spatial planning practices, the connectedness between local and national levels must not be lost to avoid fragmentation and exclusion of places from the wider spatial processes. A vision for local development should be integrated into national strategies; national objectives should be translated into a given local context to ensure better responses to the needs of local people.

Inefficient planning and land management at the local level. The lack of reliable tools such as spatial data infrastructures (cadastral maps, hydrological and geological maps, zoning plans, etc.) frequently creates serious delays in the development of spatial plans and more strategic direction for future development and growth, particularly in areas that experience development pressure. The incomplete registration of property rights, discussed earlier, and in particular massive illegal/informal development makes the regulatory plans obsolete very quickly and less relevant to the real world of real estate development. In some countries where informal settlements have emerged very quickly over the last decade, the plans are either outdated or simply non-existent. Box 11 illustrates these challenges in Montenegro.

Box 11: Planning Constraints in Montenegro



In Montenegro planning is done at three different levels corresponding to a hierarchical structure of planning and approval process—spatial plans, general urban plans and detailed urban plans. While spatial plans exist for 83% of the territory, the general urban plans (GUP) cover about 5% of the territory in most of the twenty one municipalities, while detailed urban plans exist in about a third of the municipalities with general urban plans. The spatial distribution of this coverage is presented in the map below. In the absence of detailed urban plans, planning and development permits are either delayed or issued on the basis of partial amendments of the old regulatory plan in a rather arbitrary way.

Source: Müller and Lješević, 2007

Bureaucratic planning procedures and rigid and inflexible implementation of the zoning plans are regarded as significant barriers in transition countries as well as in many ECE developed countries. There is a limited legal basis for spatial planning and physical development. The old master plans dating from the Soviet period in some cases have not been updated; often new construction and changes in land use are approved without regard to urban development documentation. At present, there is neither the competent personnel, nor the

economic resources to carry out master planning for all areas where it is required. Most of the municipalities have resorted to amendments of older plans and ad hoc changes responding to development pressure. In Georgia, for example, the last development plans were elaborated in the 1970 and 1980s. The term for validity of most long-term master plans of Soviet period expired only in 2000. It was extended to 2004, with the Presidential Decree (February 2002) on *Prolongation of the Terms of Validity of Master Plans*. In other cases, controversial informal settlement development has challenged the ability of local governments to approve the new generation of plans. For example Tirana has six plans, but none has been approved.

In addition to the constraints created by the lack of detailed regulatory plans, local governments face the challenge of regulating development in the absence of clear legal and technical frameworks with a high degree of operational applicability. Frequent changes in the normative and legal basis, new construction laws, standards and norms and the lack of normative standards for enforcement is a much more significant constraint for the small and often underfunded departments that deal with building and occupancy permits. Furthermore, a complex and less transparent system for obtaining permits and licenses for construction contributes to delays and abuse. In Montenegro, for example, a recent study demonstrated that a permit to build 1,000 sq m was conditional upon 15 approvals, 3 certificates, and 2 official statements from 15 different institutions, which was delineated in 14 laws and a number of bylaws and municipal decisions. Even more complex are the legal stipulations regarding administrative fees to obtain the necessary documents, which might range from EUR2, 000 – 30,000 in addition to a contribution for communal fees (infrastructure burden) around 5% of the construction costs. In Greece, construction is also permitted in areas without a city plan, under certain regulations. This resulted in many regions with unplanned development, which includes both legal and illegal construction. When the unplanned development becomes dense, it is a common practice to put in place an urban regeneration project. It is estimated that in order to regenerate an area of 300ha, one would need 9 months for the cadastral survey (including objection periods); 16 months for the compilation of a city plan in two stages (analysis and proposal, 12 months, and supporting geological study and survey of natural water drainage network, 4 months); 12 months for the implementation of the city plan (even if two or three revisions are required). Theoretically, it takes an average of three years to regenerate an area of 300ha. In reality, however, it is seldom for a regeneration project to be completed under 6 years; the average time is 8-10 years.

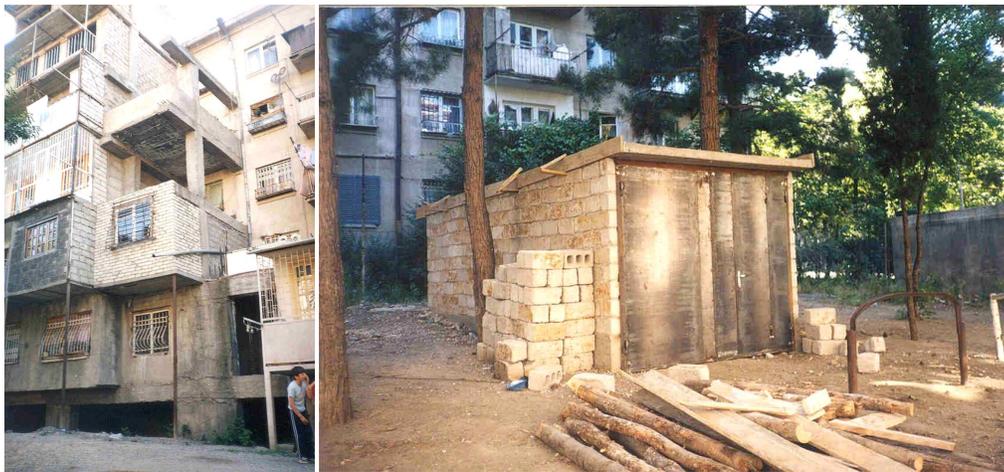
It is not surprising that such cumbersome and expensive procedures discourage investors, in particular small ones, and unintentionally act as incentives to illegal construction. Inappropriate regulations, unclear rules and difficult language of official documents, as well as the lack of transparency in the system of granting building permissions, have all become too costly to comply with, especially for the most vulnerable groups. It is necessary that cumbersome regulatory frameworks are reconsidered and regulatory frameworks become more inclusive, enabling and transparent systems supporting sustainable development of places and well-being of people. The challenge for informal settlements to comply with formal regulations can be addressed, for instance, by reconsidering inappropriate and excessive standards (to lower entry standards) or facilitating some forms of local self-regulation.

Growing problems with illegal construction. The lack of detailed regulatory urban plans and cumbersome procedures to obtain building permits contributes to the growing problem of illegal construction. In a number of countries this might reinforce the existing tendency to built housing, often single family, in stages without necessary documentation with the intention to legalize the development and the occupation of urban construction land over time. In Greece, for example, construction is permitted in areas without detailed plans, under certain regulations. In such areas unplanned development occurs which includes both legal and illegal constructions. The only realistic approach to prevent an even higher environmental degradation is the legalization of illegally constructed objects, after upgrading

the infrastructure in those areas, and taking measures appropriate to prevent further illegal constructions. Such spontaneous and usually expensive constructions of second/holiday homes for leisure purposes require different policy approaches as they cause environmental problems which the planning policy should address.

Precondition is that the illegal structures fit into the urban plans or that such plans could be amended or established accordingly. Such illegal construction is often of good quality and in accordance with building codes, but might have violated prescribed maximum land parcel coverage. Other cases of illegal construction on a massive scale in Greece were driven by several changes in the planning legislation which allowed from 1968 to 1982 to build houses on small rural land parcels for vacation use. This together with the legal amendments in 2003 which permitted electricity supply to illegal constructions, generated a rapidly expanding wave of investment by owners building more space than was legally permitted, part of informal settlements. In some countries the simple absence of effective framework to control illegal development might be aggravating the situation as the example from Georgia indicates (Box 12).

Box 12: Difficulties in Copying with Illegal Construction in Georgia



The lack of spatial plans and adequate institutional structures to enforce effective planning and building control have resulted in massive illegal occupation of land and illegal construction. Illegal construction is understood as being the construction of parts of a building, or of an entire building, that does not conform to existing laws, rules and norms. Most common features of illegal construction in Tbilisi are the absence of design, planning documents and construction permits. *Presidential Decree No.874 on Activities for the Detection of the Illegality which took place in the Use of the State Land Fund 1995-2000 and their Elimination* issued in June 2002 instructs the Ministry of Justice to impose responsibility by the Criminal Law for illegal occupation of land and to submit the appropriate project. However, this decree has had little impact. Legislation is still being prepared in Parliament on the legalization of informal buildings; i.e. the legalization of a construction if the building qualifies for a building permit and can be certified as fit for use. As a consequence, there is no legislative provision that allows local governments to demolish an illegal construction. Examples in Tbilisi indicate that illegal construction by owners and developers can result in problematic extensions posing security threats in seismic conditions and affecting the quality of life in residential areas. According to the Main Construction Inspection in 2004 out of 277 inspected objects 34% were illegal, half without architectural-construction project and another third without construction permit.

Source: ECE, 2007

5.3. Constraints in the Housing Provision System

The growth of informal settlements might be contributed to constraints in the supply of serviced land, complex bureaucratic approval procedures and inconsistent legal restrictions on development as well as expenses and taxes imposed by the state. While this might be a factor in many countries in the region, especially when the land administration and planning policies fail to respond to a dynamic reality, failure to address the demand for low-cost housing, or shelter for the urban poor, undoubtedly is the most important factor underlying informal settlement growth. Although its manifestations in different countries and cities might be different—from squatting in shanty towns and slums to overcrowding in substandard inner city neighbourhoods—the primary reason is associated with the growing affordability problems and the lack of tenure choice.

Housing reforms in the ECE region in the past decade have promoted policies to reassert market forces and reduce State intervention. With respect to housing provision, they have emphasized deregulation, private sector involvement and demand-based subsidies. While the overall goal of these reforms has been to improve the economic and social efficiency of the housing systems, responses across the region demonstrate that housing affordability is becoming more problematic. The housing sector in the countries with a significant share of informal housing suffers from imbalances caused by the lack of rental production (public or private) for low income households, spiraling cost of urban land and housing in growth areas, and limited support for vulnerable groups (elderly, displaced populations, minority groups and socially disadvantaged) to access housing of decent quality in the marketplace. Therefore, it is not surprising that in some urban areas experiencing rapid growth, the share of inadequately housed low income people is increasing and/or the urban poor tend to house themselves, directly or through informal contractors, outside the legal and planning framework.

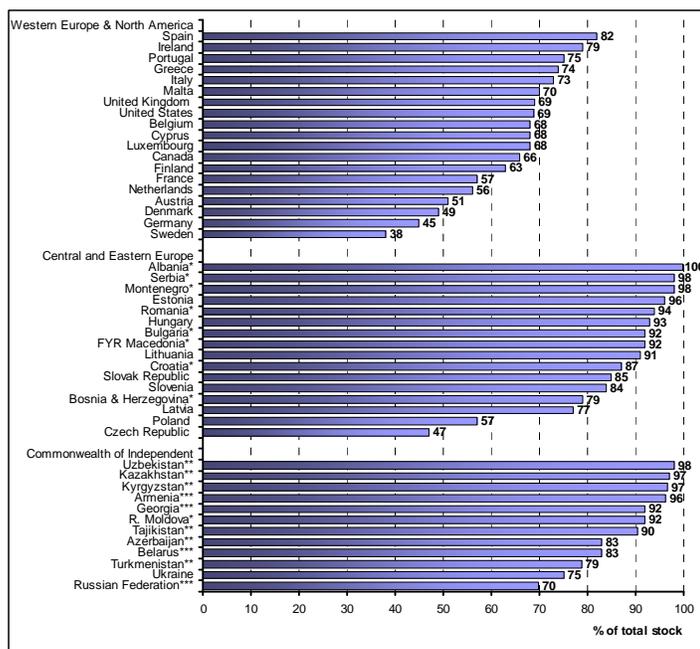
Lack of tenure choice. Tenure choice is important for long-term housing market stability and access to adequate and affordable housing. Most countries in the region have a polarised tenure structure with excessively high share of owner occupation. Entry into owner occupation is expensive, even if it might lead to significant financial benefits over the long term. With few alternative options, new households may be pushed into owner occupation when financially stretched. In a number of countries (such as France, Germany, Canada and the United States) a large share of private rental housing provides options for labour mobility. Tenure choices are much broader in Finland, Sweden, Austria and Denmark thanks to a balanced tenure structure offering a ladder of opportunities ranging from social to private renting to homeownership. By contrast, in several European countries the rental option is severely curtailed (Spain, Greece, Italy). The rental sector in some countries in EECAA is non-existent and in Central and SEE remains in a handful of countries where the ongoing privatisation continues to reduce its share.

Homeownership has grown steadily in most countries, particularly in countries in transition. In most of the countries, owner occupation exceeds 90 percent, which is well above the 65 percent average in Western Europe (Figure 6). In fact, some of the poorest countries in the ECE region have the highest rates of homeownership. Although some of this housing might actually function as private rental, responding to pressures from migration and labour market adjustment, the tenure structure in the post-communist block is quite polarized leaving a small and residual sector of publicly owned social housing.

The processes of globalization and welfare state retrenchment have resulted in the adoption of new market-based housing strategies with a focus on a private market and homeownership. Such pro-ownership housing discourse has become so dominant that alternative perspectives to deal with the housing issue have been significantly marginalized or ignored. Furthermore, it is often argued that the recent global strategy for ‘adequate shelter for all and sustainable human settlements’ has also been dominated by the idea of private housing market. The lack of alternative housing choices has had significant implications for low-

income groups who have found themselves struggling to adapt to the standards and rules of the “ownership society”. Such a situation only reinforces social exclusion and marginalization of low-income groups, especially the most vulnerable of them living in informal settlements. As the recent sub-prime mortgage crisis has shown, a critical moment has arrived for governments to introduce a new pluralist approach to housing. This should provide marginalized groups with equal and affordable access to housing.

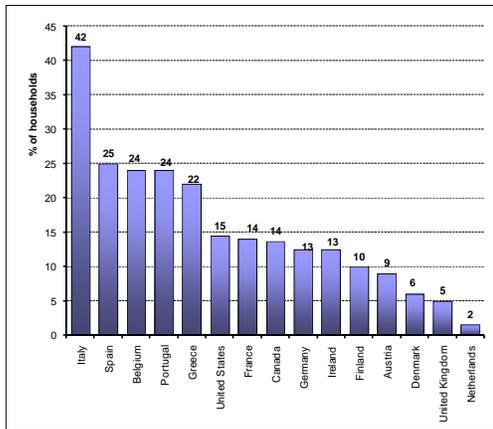
Figure 6: Homeownership in the ECE Region, 2004



Source: Author’s Estimates Based on Data from: MoIRC for EU-25, *Tsenkova (2005) for SEE, **UNECE Database and Duncan, 2005 for CIS.

Growing affordability problems. Poverty across the ECE region manifests itself through the growing number of people on welfare, rising homelessness and a general shortage of affordable housing, particularly in urban areas. In Western Europe and North America, housing policies have emphasized the importance of financial instruments – mortgage insurance, tax incentives and demand assistance to target groups -- to facilitate access and choice. However, due to price inflation and higher rates of homeownership, the gap between income and entry costs has continued to increase for low-income households, making affordable housing of decent quality more difficult to obtain. In transition countries rapid price increases in the last five years, coupled with high unemployment and higher interest rates on mortgages have excluded more than 80 percent of new households from the housing market. The previous housing shortage has been replaced by a shortage of affordable housing, suggesting a deepening housing crisis. Meanwhile, demand-based subsidies to low income renters have failed to keep pace with the rising housing costs. In countries such assistance is non-existent and where it has been launched (e.g. The Czech Republic, Poland, Romania, Estonia and Latvia), it reaches a small number of households and is grossly inadequate (Lux, 2003).

Figure 7: Households Experiencing Financial Difficulties Due to Housing Costs, 2004



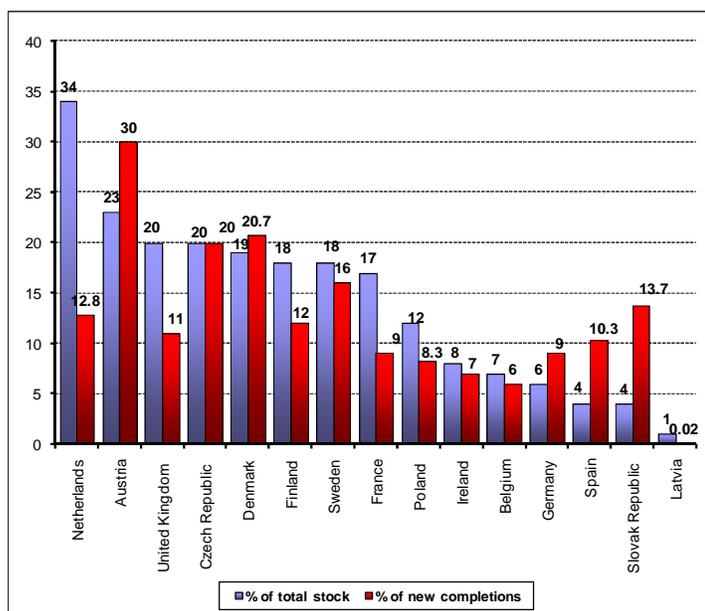
Source: Eurostat, 2007

Note: Data for Canada-CMHC, 2007, US- JCHS, 2007

Affordability of housing remains the fastest-growing and most pervasive housing challenge in the ECE region. Housing costs have increased with significant implications for access to adequate and affordable housing, particularly for vulnerable groups. The data in Figure 7 presents the share of households experiencing significant financial difficulties due to housing costs across the ECE region. In four countries—Belgium, Spain, Portugal and Greece—a quarter of the households are financially stressed. In Italy this share is exceptionally high reaching 42 percent in 2004. While the data are limited, it appears that countries with higher homeownership rates and limited tenure choice tend to have a higher share of households experiencing affordability problems. Furthermore, the situation appears to be more problematic in urban areas where higher prices for housing and concentration of poverty create cumulative disadvantages.

Limited Provision of Social Housing. While affordability constraints are growing, less social housing is being provided for low income households. In Canada and the United States, a handful of local governments have had the political will to overcome some of the barriers to development of affordable housing. Developing housing for extremely low-income households is difficult without multiple subsidies and complex financing packages. While a lot of the projects aim at private or non-profit sector involvement for the new provision of social housing, without capital subsidies to fill the gap between what low-income renters can pay and the rents needed to cover development costs, programs cannot adequately serve the poor. Furthermore, the combination of higher construction and operating costs, along with stagnant or even declining rents tied to household income limits, can undermine the fundamental viability of affordable housing projects. In this context, it is not surprising that new social housing is not provided in most countries across the region. Figure 8 suggests that in countries where the sector is significant, there is an ongoing commitment to maintain adequate supply. The data presents the share of social housing in each country and the new social housing built in 2004 as a share of total new construction. Austria (30%), Denmark (20.7%) and Sweden (16%) have the highest rates of new social housing production, followed by Finland, UK and the Netherlands with rates in the range of 12 percent. It is interesting to note that several countries (Poland, the Czech Republic and Slovakia) have initiated new social housing programs in recognition of their importance for marginalized groups in society.

Figure 8: Social Housing: Existing Stock and Rates of New Construction, 2004



Source: MoIR, 2006

In addition to government funding, the construction of social housing in the ECE region is supported by the Council of Europe Bank (CEB) through the provision of low cost credit guaranteed by central governments (see Box 13).

Box 13: Council of Europe Bank: Social Housing Projects



Since its inception, the CEB has approved a cumulative amount of more than € 9 billion of loans for the social housing sector, making the Bank a leading financier in this important area across a number of countries in Europe. During the last decade, CEB's activity in this field has accelerated. Indeed, since 1995, the € 5.6 billion in loans were approved for the financing of 128 projects. The Bank's largest borrowers in this sector comprise today Spain, Italy, Turkey, France and Poland.

In Poland CEB supports the construction and modernisation of approximately 12,500 social housing units intended for low-income families, shown in the picture. This will enable over 40,000 people to gain access to affordable rental housing through a new model of non-profit provision. In Portugal projects support the construction of social housing and renovation of existing units by social housing providers (municipal agencies, co-operatives and associations), and by private developers. In Romania CEB subsidised credits finance a large scale social housing programme targeting young people and low-income families through the provision of 22,000 social housing units.

Source: CEB, 2007

6. Towards inclusive urban development: An opportunity to be seized

The review of different manifestations of informal settlements in the ECE region indicates that a number of factors contribute to this growing challenge—rapid urbanization, displacement of vulnerable people, dysfunctional land management and planning systems, and persistent shortage of affordable housing. The way different countries come to terms with the existing illegal and informal development as well as addressing how best to prevent such development in the future will differ depending on history, politics, economic and social development (and the type of IS). Increasing decentralization and changes in governance in many countries will also impact these choices since the solutions will require action at all levels of government, leadership from the municipal administration and the mobilization of residents of the informal settlements.

Figure 9: Informal Settlements in Industrial Area-Astropyrgos (Greece), Which Has Been Regenerated Recently



Source: Potsiou and Ioannidis, 2007

The type and the extent of informal settlement formation vary from country to country and from city to city within the same country, according to local conditions and existing planning and land management framework (see Figure 9). Many countries in the region (e.g. Italy, Spain, and Greece) have attempted to address the challenges of informal settlements in the last 20 and even 30 or 60 years through privatization of land to refugees and housing provision to the poor (after the WWII), more effective control and regularization over territorial development, decentralized planning and land management, more systematic education at all levels (university graduated engineers, lawyers, registrars, judges, technical practitioners, local authorities, public, media, etc) in land tenure aspects, construction and civil engineering issues, professional training in building inspection, planning and

neighborhood upgrading. Significant attention was paid in increasing public awareness on environmental issues, on the benefits of following the technical specifications and regulations in construction and on the risks of being informal. Several conferences, workshops and public seminars and hearings have been organized by the Technical Chamber of Greece on the topic. Significant research has been carried out within the academic, public and private sectors in Greece on the issue, which provided useful information on unplanned development experience for this publication. In addition, the urban regeneration procedure includes public participation, hearings, objections submission procedure in order to involve every citizen in decision making and the implementation phase, and to increase the public acceptance of the projects and secure validation of legislation.

In some transition countries where the phenomenon is relatively new, efforts have focused on the general improvement of land registration systems and the development of a real estate cadastre to secure tenure and facilitate real estate market and property transactions but also to allow more effective land policy implementation. The role of these land policy tools may be very important for the elimination of informalities when coordinated with planning and zoning tools since the authorities can monitor ownership rights and land use, plan more effectively and eliminate the illegal occupation of public land. While these measures have not targeted explicitly the informal settlement problem, in general terms they have provided a better spatial data infrastructure for urban planning and management with respect to general compliance with the existing planning and building regulations.

This section of the report, however, will focus on policy measures and interventions addressing specifically the 'urban problems' of informal settlements. The following major types of policy intervention will be reviewed:

- a) Regularisation and Legalisation
- b) Regularisation and Upgrading
- c) Resettlement and Reallocation: an Issue for Public Housing
- d) Alternative Housing Systems for Informal Settlements: Enabling Environment for Communities and Self-Provision of Housing
- e) Addressing the Challenges of Substandard Inner City Housing: Urban Renewal and Regeneration Strategies

The search for policy solutions to address illegal settlements is clearly multi-faceted and multi-dimensional. Various projects and urban development programs have been implemented in countries such as Spain, Italy, Greece and Portugal in the last 20 years. Although current needs may differ, these countries can be an important source of good practices for others in the ECE region facing similar challenges. The solutions range from legalization and inclusion in formal urban plans, regularization and provision of essential social (schools, medical clinics) and technical infrastructure (safe roads, public transit, water and sewer), as well as resettlement programs in social housing. While these solutions illustrate different aspects of the policy continuum, they also imply significant political will and financial commitment of central and local state institutions. It should also be remembered that examples of the past years in southern Europe differ widely in nature from those currently developing in the CIS and Central and Eastern Europe. Results in these cases have been also mixed, and new solutions, alternatives and new approaches should also be considered to address the current IS problems in the ECE region.

6.1. Regularisation and Legalisation

Legalization of informal settlements has been implemented widely in all countries across the region, or is in the process of being implemented. The approach emphasizes the integration of informal land and housing markets within the sphere of the formal economy. The integration

has mainly been promoted by providing access to land ownership through property titles. Such approach forms part of an urban development strategy combining privatization and cost recovery for urban services. The legalization of the unintended *status quo* is driven by efforts to capture public revenue (such as taxes on land and economic activities, other land related fees or revenue from penalties). The need for tighter integration of legalisation processes with objectives to stabilize large urban communities through potential social and infrastructure upgrading programs has been recently acknowledged. It is argued that limited market-based strategies towards urban development simply formalise urban land market, but do not pay necessary attention to negative social effects which such practices have.

Legalisation strategies essentially support the *Global Plan of Action of the Habitat II Declaration* which emphasised the need for ensuring access to land (and where land is recognized as a basic human right):

Access to land and legal security of tenure are strategic prerequisites for the provision of adequate shelter for all and for the development of sustainable human settlements affecting both urban and rural areas; it is also one way of breaking the vicious circle of poverty. In order to ensure an adequate supply of serviceable land, Governments... should recognize and legitimize the diversity of land delivery mechanisms; decentralize land management responsibilities and provide capacity-building programs that recognize the role of key interested parties, where appropriate; explore innovative arrangements to enhance security of tenure, other than full legislation, which may be too costly and time-consuming in certain situations.

Alain Durand-Lasserve (2006) identifies recent trends in understanding of security of tenure issues by international organizations. It is said that 'urban actors are changing their strategy regarding secure tenure, with impact on cities' administration, urban governance and sustainable urban development'. Tenure regularisation policies become shaped within a new conceptual framework – *from* security of tenure based on land ownership and titling programs *towards* a more comprehensive approach focusing on the social and economic integration of informal settlements. This new approach recognizes security of tenure based on legal pluralism and a mixed land market.

In 2000 the Global Campaign for Secure Tenure was introduced and a new unit on Land and Tenure of Shelter Branch of UN-Habitat has been established. The Campaign

'forms part of Habitat's commitment to contribute to the emergence of a new urban paradigm. The extension of secure tenure is but one part of an integrated approach to improving access of the urban poor, not only to improve shelter and ...basic services, but also to informal and formal employment opportunities, as well as direct political representation...The Campaign is designed to spearhead a shelter strategy that is pragmatic, affordable and implementable'

(in Alain Durand-Lasserve, 2006: 6)

The following are the practices that have been developed to translate these global processes into varied national contexts. Overall, responses to legalisation vary according to local contexts, the types of informal settlements, governments' political orientation, and pressure from civil society in general and from concerned communities in particular. In some countries (Croatia, Montenegro, and Greece) legalization is carried out as an integral part of renewed efforts to develop statutory plans regulating development at the local level. In other countries (Albania and Serbia) legalization of informal settlements is addressed through special legislation, although implementation has been limited. Albania's *Legalization Law*, adopted in 2007, provides special provisions for the informal settlements of the poor to legalize their tenure status despite violation of existing planning and construction legislation. Other countries in the region have similar strategies, although progress in implementation might be uneven (see Box 14 and Box 15).

Box 14: Legalization of Illegal Construction in Informal Settlements in Croatia and Armenia

The problem of illegal construction in Croatia is particularly significant in the coastal areas where it leads to informal settlement formation. In most of the cases these are second homes or profit motivated developments in violation of planning and building permits. This problem escalated after 1995 when legalization regulations were revoked and possibilities of connection to infrastructure increased. For example, 9,000 illegal buildings were constructed on the island of Vir and another 1,800 in the coastal area of Rogoznica. The legacy of informal settlements in Croatia dates back to its socialist days. Regulations introduced in 1992 permitted legalization of all informal buildings, estimated at 100,000. Within three years 35,000 buildings were legalized. The Directorate for Inspection Affairs within the Ministry of Environmental Protection and Physical Planning has taken measures to solve the problem of informal building. In the past three years, since the beginning of this action, a total of 1,600 informally built buildings were demolished and 4,000 legalized. Prior to demolition, a detailed verification is carried out if the building is inhabited and/or if the residents also have other real estate. In such cases demolitions are postponed. Legalization is integrated in the planning process (Tsenkova, 2007).

In Armenia the new legislation encourages voluntary application by residents of unauthorised buildings and illegally occupied land to the State Real Property Cadastre Committee to formalize their ownership rights. The Law sets certain fees, based on the surface of the construction and/or the plot of land. For the rights to be recognized, they must not conflict with urban development norms, they must not limit other people's rights and the property must be safe. The right of ownership is recognized if the land is acquired at its cadastral value. There is also a possibility of leasing the land/ property; the leasing fees are also specified by the Law. The legalization process is expected to bring close to 320,000 illegal constructions into the formal housing market

Source: ECE, 2003

Box 15: Legalisation in Tirana



ALUIZNI is the responsible national Agency for Legalization and Urbanization of Illegal Constructions and Settlements. Its work is to put together the proposals for approving the legalizations of illegal settlements in Tirana (Albania). ALUIZNI has prepared a pilot legalization process of an area of 55 hectares. The area is being processed for a complete digitalized documentation containing not less than 30 characters for each property to be registered. First legalization permits are granted during February 2007. The registration of properties will follow the process, after duties are paid equal to 1 USD/m². In total there are 681 informal zones, out of

which for 152 zones (equal to 23 000 hectares of land) the technical and legal documentation is ready, while for 281 the process is under way. There are also some 98 zones or 168 hectares which are occupied by group buildings (not classified as illegal settlement). In total the ALUIZNI has recorded some 350,000 requests for legalization, out of which some 80,000 are multi-dwellings apartments and shops.

Source: Aldoni, 2007

In countries where legalisation at a large scale has been implemented (e.g. Greece and Turkey), studies point to a number of problems (Durand-Lasserve, 2006; UN-HABITAT, 2003; 2005c).

Technical and financial: Legalisation programs proceed extremely slowly as a result of lengthy and costly procedures of plot measuring and registration. Legality also proves

expensive for many poor urban residents, despite subsidies allocated for the process. Registration fees for land and property title, in addition to future taxes and fees for services, might be beyond the capacity of some poor households which opted for illegality in the first place.

Political and administrative: Legalisation requires an appropriate administrative and regulatory environment, adapted to (i) the identification of households entitled to tenure regularization, (ii) the resolution of land related conflicts, (iii) the allocation procedures of rights on land and housing. At an institutional level, the implementation of legalisation policies requires specialised institutions and political and administrative reforms. At the administrative level, implementation and enforcement of legalisation policies can prove difficult. Major problems encountered in the implementation process are the result of the passive resistance of intermediate level officials in administrations in charge of land management and legalization as well as the residents of informal settlements themselves (see Box XX).

Furthermore, when large-scale allocation of property titles to households living in informal settlements has been made possible, it has often resulted in an increased pressure from the formal property market within the settlement, and an increase in the cost of services, both of which have tended to exclude the poorest sections of the population (Devecigil, 2005). These harmful unintended consequences suggest the need for a critical analysis of the positive and negative outcomes of increased formalisation, and commodification of the urban tenure process as the evidence from Turkey suggests (Box 16).

Box 16: Legalizing Informal Settlements in the Context of Rapid Urbanization in Turkey

Close to 10 million people, out of 44 million urban residents, in Turkey today live in informal settlements—*gecekondu*. The first attempt to legalise these developments dates back to the “Gecekondu Act” from 1966. With the approval of the law, *gecekondu* areas gained infrastructure, new roads and streets, but also subsequently grew in number and changed character. Due to the lack of public land in the major cities, it became impossible for poor individuals to build their own *gecekondu*. Some of the new incomers had to become tenants of the *gecekondu* owners who had already constructed their second/third *gecekondu* in order to get rental income. The 1980s marked a period of increasing commodification when soaring values of urban properties encouraged some *gecekondu* owners to pull their original houses down to build multi-storey ones which were either rented or sold for profit. Aiming to legalize the existing stock and solve the ownership problem of *gecekondu* settlements, 16 amnesty laws were adopted with accompanying improvement and development plans in the 1980s and early 1990s. This, however, has not prevented unregistered construction (close to 2 million just in İstanbul, Ankara and İzmir) and illegal urbanization in *gecekondu* settlements.

Source: Ozer et al, 2007

Local and central government officials in the western Balkans, where informal settlements are a major challenge in large cities, recognise that bringing the status quo into legality while doing away with the most unacceptable instances of infringement and preventing future illegal development seems to be a priority. The Stability Pact and UN-HABITAT have initiated a regional support program aimed at improving the capacity for urban development and housing in Albania, Bosnia-Herzegovina, Croatia, FYR of Macedonia, Montenegro, Serbia and UNMIK/Kosovo. The program has sustained a policy dialogue in the subregion on alternatives to deal with a growing phenomenon of informal settlement formation. However, the actions to realise the commitments in the *Vienna Declaration*, have been rather limited. The lead consultant for the program, highlights the interrelated reasons for this situation:

Municipal authorities are especially constrained in devising city-wide planning responses to the problem not just because of limitations in their capacities to carry out comprehensive strategic planning exercises and city-wide land management plans, but often also because of structural problems in the normative framework, often insufficient access to crucial land and property information bases and inadequate equipment. Ad-hoc, limited scale, interventions of upgrading and limited resettlement are therefore the norm. Meanwhile the same pattern of illegal occupation in all its different manifestations continues and current interventions seem unable to provide a long-term answer to the unmet social demand for cheap land and housing

(cited in Gabriel, 2007:11)

In other parts of the region, governments (central and local) have attempted to legalise the *novostroiki* areas to a very limited extent. The government's role has been largely reactive, not proactive. In some other countries, particularly those facing the challenges of post-conflict land and housing management problems, no action has been taken. Meanwhile the scale of the informal settlements in some cities is overwhelmingly compromising future development and growth (see Figure 10). Based on the above evidence, the following finding about disadvantages and advantages of this approach can be made.

Figure 10: Informal Settlements in the Peri-urban Areas of Pristina



Source: Tsenkova, 2005

'[T]itling is important for two reasons: the personal interests of the occupiers (security of tenure, protection against forced eviction, domestic conflicts, marital separation, inheritance, problems with neighbors, access to an address and to forms of credit); and the interest of the city as a whole, since legal titling can contribute to the stabilization of land markets and allow for more rational and better articulated forms of public intervention' (Fernandes, Edésio and Smolka, Martim O, 2004). However, there have been many critical responses about a limited recognition of tenure security. A conventional market-

based approach to legalization that prioritizes the ownership occupation often has negative implications for people's life and the sense of community in informal settlements; there is also a danger of displacement of the marginalized groups through market processes, which only reinforces the patterns of socio-spatial exclusion. It is also frequently reported that legalization is implemented as a separate process with little connection to upgrading programs. A main concern is that focusing on individual freehold titles marginalizes other legal and institutional mechanisms supporting collective responses to social problems. There still exists much potential for alternative processes that should also be recognized by different key actors involved in informal settlements upgrading, especially private institutions (banks, builders).

Many experts argue that title is not necessarily for people to be sure about their future investment in housing; the perception of people themselves about their tenure security plays a major role. However, a guaranteed equal, safe and affordable access to occupation is fundamental when dealing with the deprivation of informal settlements. It is secure tenure that is a key asset to tackle poverty, to motivate wealth accumulation and to support livelihoods of the marginalized groups. Otherwise, people are not motivated to invest in their material assets or home-based enterprises and such a situation only reinforces deprivation. Insecure tenure rights have negative implications for achieving improved living conditions and equal and affordable access to shelter for all. It has also a negative effect on long-term planning and distorts prices for land and services provision. Insecurity of tenure increases the possibility of eviction of vulnerable people. Services in informal settlements are also provided informally, for which people usually pay more than they would do in a formal environment. In this environment the benefits they consider while building their unauthorized housing are significantly reduced.

Security of tenure must be considered as part of an integrated and comprehensive approach. Legalisation is a prerequisite for further steps in tenure upgrading and regularization. As part of an integrated approach, security of land tenure is considered as closely linked to 'adequate and affordable access to shelter' (Discussion of the Global Campaign for Secure Tenure, New York, June, 2001). A main concern must be the provision of secure access to land and housing recognizing tenure formalization as an incremental process. Such an approach should give time to marginalized groups and other interests involved for understanding the ongoing processes and benefits that title upgrading brings to them.

Incremental tenure formalization with a key focus on housing as a basic human right can help bridge the gap between the necessity of a formal system of shelter supply and the resources of the population. Some approaches have been suggested in response to the criticism of the ownership-based legalization which prevents marginalized groups from accessing affordable and adequate housing. There are some cases of legalization with intention to provide social housing rights without giving up public land, as well as to provide an effective security of tenure within certain legal and urban planning conditions that minimize the likelihood of the beneficiaries being "forced" to leave under market pressure. Innovative land tenure regularization approaches should recognize housing rights, security of tenure and promote socio-spatial integration of informal settlements.

Findings also point to the problem that beneficiaries of legalization programs do not have sufficient knowledge and understanding of the process. It is thus important that regularization programs are complemented with education and capacity building.

6.2. Regularization and Upgrading

Regularization and upgrading of informal settlements imply a more comprehensive intervention. Upgrading programs to be effective must be integrated in the wider socioeconomic context e.g. a national strategy for poverty reduction. UN-Habitat highlights that '[T]he problem of urban slums should be viewed within the broader context of the

general failure of both welfare oriented and market-based low-income housing policies and strategies in many (though not all) countries'. Informal settlements should also be complemented by 'clear and consistent policies for urban planning and management, as well as for low-income housing development' (UN-Habitat, 2003).

Some measures to prevent the formation of informal settlements in the future must ensure that cost effective housing development for low income groups is supported by sufficient and affordable supply of serviced land suitable for self-construction by the low-income groups. *In situ* upgrading is considered a more preferable solution in contrast to resettlements programs. In recent years there has been an important shift in ways to implement upgrading programs. A more comprehensive approach gives greater emphasis on participation and partnerships and also on sustainable development and the need for simultaneous interventions with environmental, economic and social measures. Comprehensive and sustainable solutions to informal settlements must understand different local contexts and ways to mobilize the resources available at a local level. The solutions must be part of the wider urban and national development strategies supported within relevant institutional and legal frameworks.

Nowadays, the solutions are not cut and dry: legal versus illegal, formal vs. informal. The choice of an approach to regularise informal settlements - legalization vs. upgrading will depend on the political will of the authorities, the lobbying and negotiating capacities of the residents and last but not least on the location of the settlement itself, its size and the quality of housing. The practice of regularization and upgrading emphasises the importance of intervention at three levels—the neighbourhood (or the informal settlement), the city, and the metropolitan area or city region. While these are mostly planning interventions, the process usually incorporates land and real estate registration, plans for the provision of infrastructure and social services (see Box 17).

At the neighbourhood level, interaction with local authorities, planners, grassroots community organisations, families and individuals delineates the immediate problems for residents in order to define possible solutions. At the district/city level, urban planners and decision makers account for community dynamics and the impact of potential integration into the urban boundary in terms of transport and infrastructure requirements, costs and environmental implications. At the metropolitan/regional level, impacts and interaction within the urban agglomeration are considered, particularly in the case of large informal settlements, in order to make informed political and planning choices for the benefit of the city (Bolay and Rabinovich, 2004) (missing from reference). Such a multi-level approach highlights the inconsistencies and contradictions that may occur as well as the different political or financial priorities, thus redefining a more strategic urban planning approach to the complicated nature of the informal settlement integration. The process of actual integration is much more cumbersome, leaving much scope for conflicts between local governments, planners, investors and the local residents.

Box 17: Challenges in Legalizing Informal settlements THROUGH REGULARIZATION AND UPGRADING in Greece (usually in Greece there is not extended squatting on public or private land, so these projects do not include serious situations in terms of legal rights on land parcels)

Illegal construction in Greece resulting in informal settlements dates back to the 1950s. The reasons are complicated and vary through the years, leading to the creation of informal settlements in several regions of the Hellenic jurisdiction. Starting with informal settlements within industrial zones, or at the urban fringe areas, today's current activity takes place in rural areas, including attractive vacation areas. Several attempts have been made to minimize the problem either by applying procedures toward integration of informal settlements into a city plan with a simultaneous provision of urban planning improvements (Law of 1977 and 1983), and in parallel by applying tough penalties (Law of 2003), or locally through extensions of the existing urban plans, and in some cases through resettlement.

Nevertheless, none of the applied procedures has proved to be adequate to stop the creation of new informal constructions; some of the projects have been completed successfully but most of them have proved to be time and cost consuming due to the remaining lack of a modern nation-wide tool (e.g., national cadastre and other necessary spatial information infrastructure) and the poor coordination between the various land-related agencies involved in the development permitting procedure.

The real size of the problem has been difficult to estimate due to a lack of information. In fact all projects for the provision of new urban land refer to areas with existing unplanned developments which, as mentioned above, includes both legal and illegal construction, since construction in areas without a detailed city plan is permitted in Greece. So, there are lots of regularization and upgrading projects carried out in Greece since 1982, named “urban regeneration projects”.

A recent estimation by the Hellenic Chamber of Commerce shows that the informal settlements in Greece have as many as 1,000,000 residences (or 15% of the total housing). The majority are concentrated in 7 prefectures (out of a total of 13). The “new generation” of informal buildings are constructions of 1 or 2 stories on an average land parcel size of 1,000-1,500 square meters. Studies indicate that approximately 93,000 legal and 31,000 informal residences are constructed annually, the equivalent to a small town. The biggest problem exists in the region of Attica, which in fact is the greater metropolitan area of Athens that suffers from rapid urbanization. Currently, a massive cadastral project is under compilation in the region of Attica, which is expected to provide useful documentation of the existing situation through orthophotomaps and a linkage of parcels with the updated legal rights. A coordination of these data with the urban regeneration /upgrading projects is expected to be planned.

Source: Ioannidis et al, 2007

Many NGOs and CBOs are using area-based urban development strategies to improve informal settlements. The strategy defines priorities, goals and objectives along with actions and a timeline for implementation. In its essence it is a community-level plan including a land use plan, regulations for development, an infrastructure plan, a green space plan and location of social amenities (Carley, 2001).

The planning process is participatory in nature bringing together stakeholders that have a vested interest in the area. A four-step process is often used by urban planners for informal settlement regularization and upgrading (Bolay, 2006; World Bank 2001).

Step 1 - Goal Setting: All stakeholders need to create realistic goals for the future, which include a vision of the informal settlement as a whole.

Step 2 – Action: The action plan includes: (1) provision of communal and social infrastructure; and (2) provisions for interdepartmental coordination, and management. It is important that progress is noticeable. If informal residents see action, they will realize that their opinions are valuable and that positive and sustainable change is possible. Residents need to feel that improving their community is an investment in their future and the future of their children.

Step 3 - Community Participation and Capacity Building: It is extremely important to have a forum where all stakeholders can come together to express concerns and optimism about the future of informal housing settlements. Community-based actions (as in the case of Gorica in Box 18) and consensus on the most important measures to be implemented makes residents involved and responsible for change. At the settlement level, residents need to take initiative, ownership and responsibility as well as contribute financially.

Step 4 – Accountability Processes are necessary to report on results and to make residents and local government accountable for change. Part of the accountability process is to ensure that information is shared with all stakeholders and that no one hoards information; this can be mitigated through active support from major stakeholders. Accountability also involves continuing policy revision to adapt to changing needs of communities, incorporating community response and feedback, incorporated into urban planning strategies in informal housing settlements.

Box 18: Regularization of the Gorica Settlement in Bosnia and Herzegovina

The Gorica Roma settlement of approximately 60 households, located in Sarajevo, occupied a parcel of land owned partly by a state-owned enterprise and partly by the Municipality. After the war in 1996, families that had been displaced returned to Gorica and reconstructed their homes, although the threat of eviction from the area designated for park was still imminent. In 2000, the association of Gorica residents mobilized several international organizations, including the OSCE, OHR and UNHCR, as well as donor organizations, to resolve its housing situation once and for all. The association pressed its case with all competent municipal departments through letters, meetings and public protests. A regularization process was initiated including the rezoning for residential uses, compensation of the state enterprise by the municipality and transfer of ownership to the Roma residents in 2002. Since the municipality was concerned with the issue of adequacy of housing, it sought assurances from the donors that adequate houses would be provided. Reconstruction in Gorica commenced in the spring of 2002 under the auspices of World Vision. Gorica highlights several lessons that are relevant to other prospective regularization processes:

- Roma communities must provide the impetus for regularization. The early and sustained engagement of the Gorica Roma community in the effort to resolve their insecure housing situation was an essential factor in achieving the regularization of their settlement. Gorica benefited from good local leadership that promoted solidarity among residents and represented their interests in an open and effective way;
- Partnerships are instrumental in overcoming the legal, political and financial challenges involved in regularizations. The Roma community of Gorica cultivated good working relationships with local government, civil society and international organizations;
- Regularizations require inventive solutions such as rezoning, compensation and reassurances for housing improvements and follow up investment.
- Regularizations require long term commitment. It took fifteen years from the first expropriations to the final step to fully secure the tenure of the residents of Gorica.

Source: OSCE, 2006

Building and maintaining infrastructure and public amenity is a major step in formalizing and upgrading informal settlements. Once an informal housing settlement is deemed fit to stay at its current location, it is essential to create joint partnerships to help pay for the costs of upgrading (see Box 19). It is important for residents to pay a minimal cost for infrastructure and amenities creating an appreciation for services. It is hoped that residents will monitor settlement growth if others are trying to illegally acquire services. One way of improving infrastructure would be to collect fees from those using the infrastructure, with the promise that services are guaranteed.

Governments need to develop an infrastructure fee structure depending on income, a method of encouraging residents to contribute and assuring them that infrastructure access can be affordable. In addition, governments need to allocate funds in their capital budget to address the lack of infrastructure which creates multiple disadvantages for the residents in informal housing settlements. Investment in infrastructure development often includes the following steps:

- Planning the location of current and future sewage lines;
- Making sure everyone has access to clean water; defining what is acceptable for clean water location;
- Determining suitable landfill and solid waste location centers; and
- Developing an appropriate road network.

Government should provide equal access to basic infrastructure since this is fundamental to the delivering equal and affordable access to housing. Investments in the city-wide infrastructure are a precondition for successful and affordable upgrading of deprived neighbourhoods (or settlements), as the lack of such provision can reinforce the exclusion of the urban poor and prevent their access to affordable housing (UN-Habitat, 2003). Investment in city-wide infrastructure by the public sector is significant to make housing affordable for the poor in upgraded informal settlements as well as to provide a supporting environment for informal enterprises established by the poor residents in informal settlements. Future low-income housing and upgrading policies for informal settlements therefore need to pay a greater attention to the financing of city-wide infrastructure development.

Box 19: Legalisation and Upgrading of *Borgate* in Rome

Rome had 750,000 illegally constructed rooms in 1977 or 20% of city's total stock, mostly at the periphery of the city. *Abusivismo* is illegally constructed housing, usually in violation of land use and building regulations. *Baracche* (shacks) and *borgate* (shantytowns) were part of *abusivismo* as well as illegal housing built by the comparatively well-off. The Italian Senate approved the Condono Edilizio to legalise unauthorized housing from 1983 to 1985, since the problem was significant not just in Rome but also in other large cities across Italy. *Borgate* were illegal settlements in the urban periphery of Rome but within the city limits. These settlements were overcrowded, lacked roads, water, sewage and electricity. When the leftist majority municipal government accepted responsibility for the *borgate*, they were integrated into the General Regulatory Plan in the early 1980s, thus legally incorporated into the city of Rome. This was a stimulus for systematic improvement of primary infrastructure and public services. plans for public transport, schools and cultural centres; a speeding up of the process of correcting illegal buildings. The cost of this servicing was covered partly by a special tax which the residents had to pay in order to legalise their property. At the time of legalisation, some *borgate* had more than 50,000 inhabitants. Companies settled there due to their favourable location and the links with the centre were intensified. The ex-post provision of technical infrastructure was undoubtedly more expensive than planned development, but it required less public investment than another solution which would have been in line with traditional urban planning practice, namely social housing for poor immigrants. The time required to integrate poor migrants into the urban system is longer than budgetary cycles or legislative periods. It took two generations to transform the marginalized *borgate* in Rome into modern suburbs. The settlers had to accumulate a certain level of wealth, initially based mainly on house ownership, later on their integration into the urban economy, before they could adapt their norms and ways of life to modern urban standards.

Source: Kreibich, 2000

A comprehensive approach to upgrade informal settlements has proved to be not an easy task. Different issues to address the complexity of deprivation in informal settlements has still been separately dealt with by different sector and fragmented among different levels of governments. There is also a lack of strategic approach at a national level that can frame long-term solutions for informal settlements. A tighter integration is needed between community and the authorities at regional and national levels as well as with other key stakeholders. There is still an excessive emphasis on physical elements and other technical issues in upgrading programs, which is at the expense of the required focus on social issues. The wider framework that recognizes the need to support livelihoods based on basic human rights is still to be developed.

Several successful practices from the case studies above can be highlighted. Initiative from below with an active community participation in decision-making and management of the transformation of informal settlements has been central to the successful implementation of the upgrading projects. The cooperation of different key players at the beginning of the projects and the establishment of partnerships have been a powerful instrument. Significant contribution has been made through innovative ways such as zoning and compensation; these

stimulated housing improvements and further investments. A crucial issue for the implementation of the projects in a sustainable way has been the emphasis on a long term commitment with clear objectives. The important contribution has been made by the local players and governments participating in the decision-making and management of issues related to current and future local needs.

6.3. Resettlement and Reallocation: an Issue for Public Housing

A possible solution to informal settlement problems that has been implemented in different countries across the ECE region is associated with resettlement in social housing or some form of subsidised formal housing developments. In most cases resettlement targets poor residents of informal settlements or vulnerable groups such as Roma, refugees and internally displaced people. This is an expensive solution and it is not surprising that its implementation is limited. However, the modest application of this approach may also be related to the underdeveloped institution of public housing as a complementary option to the private housing choices. Policies for public housing, if appropriately designed, may be a good way to address different housing choices of low-income groups.

In some countries with a strong tradition of public/municipal housing and where the state or the private companies close to the state have large presence in the housing and land market, it is resettlement and reallocation that are favoured practices within the field of urban renewal and regeneration in central urban areas with problems of overcrowding and neighbourhood deprivation. Government is actively involved in the housing market through partnerships with developers. In general, the response is the demolition of dilapidated housing and the resettlement of low income groups to the peripheral areas of a city either in private (in case when a private developer is responsible for resettlement) or in municipally-owned estates. The allocation of different income-groups within different areas of a city becomes a solution to their different housing problems. The central areas then become available for higher-income groups. Such practices address housing problem of certain social groups, but create problems of a different sort – social segregation and inequality are further reinforced by spatially neutral responses to housing problems. Therefore, resettlement and allocation in public housing should take into consideration the possible negative implications of social segregation; such considerations are important in case of overcrowded, substandard or deprived neighbourhoods in inner cities, where existing housing stock cannot be preserved and upgrading cannot be facilitated.

In other countries, there is no general model for social housing to support the difficult task of integrating large groups of migrants, often poor, into existing cities; macro determinants and local settings vary to such a degree that specific solutions are required (Bruto da Costa and Baptista, 2001; UN-HABITAT, 2003)). It seems, however, that the local administrative and political systems are rarely able to develop and implement appropriate concepts and strategies. Notwithstanding these challenges, two examples from Portugal and Spain illustrate potential solutions to resettlement.

Box 20: The Special Re-Housing Programme in Lisbon and Porto Metropolitan Areas



More than 130,000 families living in shantytowns in the metropolitan areas of Lisbon and Porto have (or will have) access to adequate housing, in some cases after living in shantytowns through generations.⁶ The Special Re-Housing Programme—*Programa Especial de Realojamento (PER)*—launched in 1993 was expected to eliminate the shantytowns in the 27 participating municipalities by 2001. It was a practical implementation of the ideological slogan that emerged from the enthusiasm of the 1974 Revolution: “houses yes, barracks no”. Social housing, mostly in high density housing estates in Lisbon and Porto metropolitan areas, has become the new home of more than 94,000 families. PER is still 30% short of its original target and its timeframe has been extended. The program operates with the extensive support of the central government covering 40% of the costs with another 40% covered by municipalities through soft loans for a total of EUR1, 280 million by the end of 2006. The remaining 20% is municipal in-kind contribution through land and infrastructure. Housing is built by private firms under contractual arrangement at fixed prices regulated by the State. In Lisbon, housing provided through PER has added close to 30% to the social housing stock (8,700 apartments). This recent growth as a result of the reallocation initiatives (PER and its predecessor PIMP) has raised new challenges for the management of those new urban territories. The need for an integrated management of the public housing stock (new and old) where different sets of urban, social and economic problems have been identified calls for a gradual involvement of the different public and private actors within a system of organised partnership. The PER experience has seen the emergence of some well accomplished initiatives in this domain, and one may expect improvement towards a more efficient management of the new housing estates in response to the changing needs of the residents.

Source: Tsenkova, Interview Data, Lisbon 2007

Box 21: Resettlement of *Chabolistas* in Madrid with Active Engagement

In the late 1980s more than 100,000 people lived in *chabolas*, illegal shacks and temporary houses. These were mostly migrants from rural Extremadura and Andalusia, who settled on small plots that were not zoned for housing and built the shacks without any permits. Some of these neighbourhoods in the South of Madrid were fairly large (e.g. Palomeras had 28,000 residents living in 7,600 *chabolas*). Most were not serviced, with water lorried in. A radical call for “adequate housing here and now” resulted in the greatest operation of urban renewal in Madrid. The project was implemented with extensive public participation. Due to the engagement of community groups, innovative solutions came about. The former *chabolistas* could choose if they wanted to rent or buy their new flats; the majority preferred the model of social housing. They accepted to live in multi-storey blocks and to have their flat assigned at random. When they had arrived at a point where they could influence the type of their new housing and the structure of their future neighbourhoods they did not hesitate to opt for 'modern housing'. Representatives of the neighbourhood organizations controlled the construction

⁶ The number of residents covered by PER the metropolitan area of Lisbon is 115,641 or 34,498 families. In the metropolitan area of Porto the eligible residents were 39, 776 (14,269 families).

process. After they had moved into their new flats, the neighbourhood groups started to fight for improved social services (nursery and primary schools, sporting grounds, a social centre and a club for senior citizens). The neighbourhood organizations managed to achieve housing and planning standards for the urban renewal project which the government would have never granted to the *chabolistas* without their intensive participation. After almost 14 years the high-rise housing estates of the *gran operacion* are still areas with social problems and conflicts; from the perspectives of urban planning and neighbourhood management they are, however, relatively inconspicuous and normal.

Source: Heitkamp, 2000 and Kreibich, 2000



The importance of effective social policies and programs that provide access to equal, safe and affordable housing for informal residents, while widely recognised, is in many cases beyond the financial and institutional capacity of central and local governments, particularly in countries affected by war and the refugee crisis. Many of the global commitments of the United Nations Declarations, the European Charter as well as national government declarations seek to achieve well-functioning social housing polices, which are implemented with effective programs to help those who need support. In reality, efforts to reduce social inequality, to ensure security and social cohesion, and provide safe housing in many countries, where informal settlements are an enduring element of growing cities, have achieved modest results. Polices to help IDPs, refugees and the socially vulnerable groups are vital to their integration in society, but in some transition countries a solution to poverty and deprivation of the informal settlements is severely constrained by the emerging vicious circle in the urban economy. Local governments have limited investment capacity, weak revenue bases and increased dependence on central government transfers. Meanwhile they are faced with growing responsibilities and managerial tasks, including effective planning and land management, development control and increased demand for essential urban services. With the concentration of poor and disadvantaged residents in precarious housing conditions, some local governments are obviously unable to break the circle which affects the prospects of individual cities and their residents, but ultimately national economies as well. It comes as no surprise that in the context of transition, most of the solutions to poverty and informal settlement proliferation are *ad hoc*, small scale crisis management interventions.

A limited success of public housing programs may also be attributed to a number of factors. Economic growth has been given greater priority over social issues due to a strong belief in market efficiency and a trickle down effect. Part of the problem might also be some scepticism in the political discourse on social housing. Social housing has also been hold in low esteem in media representations. There is also no sufficient knowledge about the centrality of the housing sector for social development and economic growth.

Below are some conclusions about the barriers to an effective utilization of the resettlement and reallocation approach followed by a brief description of the successful elements of the policy interventions and some recommendations.

Drawing on governments' limited resources and capacity the complex reality of the housing question cannot be resolved by relying solely on declarative rules, top-down reactive strategies and technical knowledge. Nor can it be resolved by simply improving homes per se. It is necessary that creative approaches are adopted to deal with the problem in a wider sense – improving conditions of living and reviving communities. There is a need to change ineffective models of public housing provision. Governments must recognise their role in the contemporary market context; they must provide diversity and flexibility in public housing choices. An enabling environment should also be created to ensure that housing provision via the private housing market is also responsible to provide equal and affordable access for all income groups.

It is essential that resettlement and allocation approach to informal settlements is integrated under effective poverty-reduction strategies recognising basic human rights; it ensures social stability, and creation of a sense of place and hope for the marginalized groups, giving vision and promise for the future. Poverty reduction strategies, however, must recognise the wider context in which informal settlements operate; a particular focus must be given to a spatial dimension of poverty and it must also establish a pattern of uneven wealth redistribution. Housing is a key dimension of social inequality. Luxurious housing enclaves for the rich strata of population become landmarks of new urban lifestyle, whereas other urban areas with dilapidated, rundown or other substandard housing are continuously neglected.

There have been limited examples when social housing supply for low-income groups has really achieved wider social objectives. The housing problem in the complexity of the urban world today needs innovative solutions which are yet built on previous mistakes and good practices. Developed countries, like the United Kingdom, France and the Netherlands are very much concerned to find a workable solution for the housing problem. The previous failure of the public sector to create decent housing prospects for low-income people can only reinforce social inequality and create stigmatized places of blight and distress with a high rate of unemployment and concentration of people depending on support from the state. As the above case study shows after almost 14 years the high-rise housing estates of the *gran operacion* are still areas with social problems and conflicts. In most cases resettlement is targeting poor residents of informal settlements or vulnerable groups such as Roma, refugees and internally displaced people.

Currently, the housing sector can be described as pro-homeownership and structured by inequality of supply and inequality of demand. Housing for high- and very high-income groups takes a much bigger share of residential construction, at the same time as housing demand is dominated by consumption preferences of high-income groups. Some governments have introduced targeting programs to house the most disadvantaged groups. While these housing choices are very limited to certain places and target poor people, the private housing market lacks affordability. Effective functioning of social housing sector is severely curtailed by its targeting strategies as it concentrates people who have limited ability to pay back the housing costs.

There are examples of recent urban strategies to break the vicious circle of deprivation and marginalisation. One of the policy focuses is addressing the stigmatisation of social housing through reshaping the image (e.g. in the UK). Social mix has become a key concept to shape policy interventions into deprived neighbourhoods. Housing solutions are also driven by a number of 'socially responsible' public-private partnerships and appropriate supporting legal framework has also been established. If social housing should contribute to the wider social objectives and sustainable development, this requires innovative ways to housing supply that address a variety of needs of the low income groups and establish an efficient management decisions to maintain the social housing stock. Such decisions must be supported by new financial and legal instruments.

Public housing should not be considered as a separate system to satisfy the needs of low-income groups, but must be integrated into a unified residential market. Creating housing system which provides equal, affordable, and diverse choices for low income groups will require the development of a new vision and long-term strategies at national and local levels. There is a need to rediscover the potential of the social housing sector to contribute to sustainable development. Housing strategies should be based on human right approach as well as on the understanding of the shelter's various functions – security, family life, a base for work, leisure and place to escape from the problems of the outside world.

6.4. Alternative Housing Systems for Informal Settlements: Enabling Environment for Communities and Self-Provision of Housing

The choice of resettlement into social housing becomes substantially curtailed by the diminishing role of governments. Other alternative options have been backed by policy-makers dealing with informal settlements. A greater focus has been placed on the creation of an enabling environment, a greater involvement of communities into decision-making process and mobilizing their resources for low-cost self-help housing construction. Governments have promoted alternative housing finance systems that allow access to credit for the urban poor and disadvantaged. These small credits, often microloans, encourage the improvement of informal housing and assist with the legalization costs. If an informal settlement is deemed fit for occupancy, local governments should work with national bodies and civil society to promote affordable finance tools that can be accessed by residents. This would encourage the development of “fit” settlements and make funds available for housing improvements. It would be a mutually beneficial situation for residents and local governments. Lending providers and local governments could justify the expense as an initial investment that would have the impact of being a long-term investment. Upgrading in this way seems to be the least expensive approach for government to deal with urban poverty.

However, the ‘minimal state’ approach has been widely criticized. For sustainable solutions to be a good practice example, both ‘humanistic’ and ‘authoritarian’ models are essential and should complement each other (Werlin, 1999). Humanistic approach has been a response to the limited implications of top-down decisions and the situation when governments cannot offer appropriate and flexible solutions due to a lack of sufficient resources and capacity. This model is based on the belief that people and communities have a great potential for self-organisation, mobilization and management of their resources ‘from below’. For the transformation of informal settlements to be successful, it is necessary that people and communities actively participate and influence the way in which their needs and future opportunities are addressed to prevent multiple disadvantages accumulated in their settlements. However, it has also been argued that in order for such a people-based approach to work and be sufficiently organised it must still be connected to and guided by administration at higher levels. In some countries with a tradition of a ‘strong’ State, it may take more time for people and governments to create an enabling environment for self-organization and active participation, and thus some control is important. Furthermore, a strong tendency toward individualistic consumption has already had negative implications for mutual support and collective action. Such a negative tendency is even stronger in some transition countries where collective actions were a driving ideology to create egalitarian society in the past.

Market is one of the desirable solutions to the housing question; such system no doubt offers flexibility and variety of housing choices of good quality. However, such benefits are not guaranteed to be distributed fairly between people and places. To deal with an unfair wealth redistribution, as well as with unsystematic and disordered urban developments, appropriate policy must be provided and an enabling environment for collective action must also be created. Uncontrolled residential developments might further reinforce the problems

of deprivation and exclusion of informal settlements. Mobilizing local practices as part of the solution to informal settlements is still a field for further exploration and learning.

The interest in a policy design based on local knowledge is in line with the model proposed recently by UN-Habitat, which establishes the linkages between local and national processes and between the poor and the State. This model looks at how local skills and resources can be efficiently integrated into a wider policy framework and decision making process and might be a powerful tool to achieve sustainable communities and places. It has been highlighted that in this way ‘the risk of instrumentalization, politicization and polarization which constitute a continuous threat to the accountability of poverty reduction programmes’ can be avoided because it ‘recognizes the fundamental right of adequate shelter, and grants to the poor an equal share of political participation, satisfaction of habitat needs and resource investment in the fields of education, capacity development, services, infrastructure, income and labour generation’ (UN-Habitat, *Social Production of Habitat as a viable alternative*, 2003).

This model recognises the key actors – citizens and public authorities. Future development, if to be shaped by this innovative concept, must simultaneously work on four fronts: (1) shelter, (2) responsible citizenship, (3) productive environment and (4) sustainable urban development. The model emphasises ‘Collective Human Rights, Socialized Responsibilities and Accountability’ which is fundamentally different from market-based individualistic approaches. The key fields fundamental to human development featured in the UN-Habitat model are following (access 07 September 2008, http://www.hic-net.org/content/Online/shortversion_sph.pdf). (1) ‘The provision of shelter and physical Habitat’ is based on the elements of ‘Satisfaction of individual and collective need’; this recognises the diversity of individual and collective services. (2) Responsible citizenship is based on the elements of ‘Local Capacity Development and Political Empowerment’ and ‘Democratic Political Participation’. These recognise community empowerment through an enabling environment created by governments as well as inclusive participation and management of decision-making processes by communities. (3) Productive environment is defined by the elements of ‘Local Skills Development and Economic Empowerment’ and Economic Solidarity, Affordability, and Feasibility’. This emphasises the need for education, capacity building and sharing knowledge, as well as creating productive environment through mobilization of available resources in a sustainable way. (4) Sustainable urban development is based on the elements of Environmental Responsibility and Awareness’ and ‘Financial and Operational Sustainability’, which deal with ecological capacity building and the sustainable management and operation of initiatives of the Sustainable Production of Habitat.

6.5. Addressing the Challenge of Substandard Inner City Housing: Urban Renewal and Regeneration Strategies

A number of countries in the ECE region address the provision of affordable and adequate housing through area-based urban renewal and regeneration programs. While these are not necessarily targeting informal settlements, the programs aim at improvement of substandard housing, which is often inhabited by the urban poor and recent immigrants. Illegality in this case is manifested in overcrowded conditions, sublets, and in more general terms social exclusion. Commitments at the national level, particularly in Western Europe, have created a supportive framework for local action (Kleinhans et al, 2007). A large number of local authorities have managed to create coalitions and partnerships to increase the supply of affordable housing and to assist vulnerable groups through urban regeneration projects (Tsenkova, 2004). Local governments, working in partnership with private developers as well as non-profit housing providers and community groups, have experimented with inner city regeneration, brownfield and waterfront redevelopment schemes. The search for effective strategies for urban regeneration to create a social mix, increase the supply of affordable housing and facilitate investment and improvement of existing infrastructure has promoted

new models (Kleinhans et al, 2007; Förster, 2006 missing amongst references). Urban regeneration has challenged social housing providers to develop a new repertoire of instruments dealing simultaneously with physical deprivation and social exclusion in local communities.

Box 22: Dutch Urban Regeneration: Focus on Deprived Neighbourhoods

The national *Big Cities Policy* assists the four largest cities in the Netherlands to respond to problems of high unemployment, crime, polarization and growing spatial concentrations of low-income households and ethnic minority groups, as well as the physical problems often found in social housing. The *Big Cities Policy* rests on three pillars: (i) the economy and employment; (ii) the physical infrastructure; and (iii) the social infrastructure. Funding is used in an integrated manner to improve the quality of urban space, to create more jobs and to eliminate social exclusion in neighbourhoods. This area-based approach focuses on deprived neighbourhoods and contributes to social cohesion through measures implemented by residents, government bodies (local authority, police, social welfare organizations), housing associations and local employers.



Source: van Kempen, 2000

A recent policy shift has targeted 40 neighbourhoods in the four largest cities for the implementation of area-based regeneration measures. In Amsterdam, where more than half of the housing is social, non-profit housing associations own 205.000 social rental dwellings. While these are distributed across the city in every district, a fair share is concentrated in post-war neighbourhoods such as the Western Garden Cities and the Southeast indicated on the spatial map of social housing. Over time these areas have become less desirable places to live with social exclusion and poverty manifested in a number of ways, although housing is in good condition. The new wave of government investment leverages contributions from the housing associations and aims at creating a social mix of rental and owner-occupied housing. Less popular high rise apartments in the target neighbourhoods are demolished and replaced by medium density dwellings often in mixed ownership neighbourhood blocks. Housing allowances continue to support low income households and displacement is managed through reallocation programs of the housing associations active in the neighbourhood.

Source: Tsenkova, Interview Data, October 2007

Urban renewal programs exist in most European cities with an aging housing stock and substandard housing in inner city areas. Vienna, Manchester, Copenhagen, Barcelona and Lisbon are well known for their successful ‘soft renewal’ practices and strategic approaches to the social, economic, cultural, and environmental factors behind the process. Recent urban renewal programs place a particular emphasis on public/private partnerships as the delivery mechanism as well as on public involvement and participation in defining priorities for the area or neighbourhood. Attempt is made to reduce displacement as well as to avoid forced change of ownership, social segregation and gentrification (Atkinson, 2000; Donner, 2000).

Box 23: Vienna's Urban Renewal Program

In Vienna where half of the housing stock is social housing, subsidies are an important aspect of the city's urban renewal program. The amount of subsidies granted for a particular project are dependent on the standard of the existing building, but can be up to 90% of total construction costs. This also includes an allowance for low-income households to reduce short-term costs involved with renovations (problems with allowance programs). The renewal is followed by a controlled and limited rent increase for 15 years to cover any loans required. Any type of building is eligible for a renewal (construction) subsidy, including private rental and owner-occupied.



One such example is Gasometre City, a brownfield redevelopment around four large gas tanks built in 1899, but have been unused since 1986. Vienna decided this would be a project to spearhead development in this previous industrial area. The new multi-functional area with 620 units of subsidized housing, 250 student hostel units, 47,100 m² of commercial space, offices and a theatre has become the catalyst for the redevelopment of the whole neighbourhood.

Source: www.wien.at

The European Union also recognises that cities are the engines of innovation and economic growth, but they are also frequently the locations of serious problems—inner-city decline, housing deprivation, unemployment, physical decay, social exclusion. The ability of local communities to address these problems through planning and policy intervention centred on urban renewal is essential for the long-term performance of cities where 80% of the people in the European Union (EU) live and work. In this context, EU support for urban policy implementation is essential. The *URBAN I Community Initiative*, launched in the 1994–1999 programming period with EUR 900 million comprised 118 programmes benefiting nearly € 3 million inhabitants targeting poor inner city and peripheral urban areas, mostly for physical and environmental regeneration, entrepreneurship and social inclusion initiatives. The *URBAN II* initiative, covering the programming period 2000–2006, built on the integrated approach to urban regeneration, was designed to promote the implementation of innovative strategies for economic and social regeneration in small and medium-sized towns and declining areas in major conurbations. The 70 programmes included in *URBAN II* received a total European Regional Development Fund (ERDF) contribution of EUR728 million allocated to 175 cities in the European Union. Through co-financing mechanisms, this contribution has actually enabled a total investment of EUR1.6 billion focusing on social inclusion, and physical and environmental improvement (Turró *et al*, 2007)

The 2007–2013 programming cycle has brought the urban dimension into the structural policy mainstream. Present Community Strategic Guidelines recognise the importance of developing an integrated approach to territorial cohesion, with a new initiative for urban projects was developed by the Commission, the European Investment Bank, and the Council of Europe Development Bank. *The Joint European Support for Sustainable Investment in City Areas* (JESSICA) is designed to help the authorities in the Member States of the European Union to solve complex urban problems through urban regeneration leveraging private sector

investment and providing financial and technical incentives. The financial engineering products envisaged are Urban Development Funds (UDFs). UDFs are simply defined in the Regulation laying down general provisions on the ERDF, the ESF and the Cohesion Fund for the 2007–2013 programming period as “funds investing in public-private partnerships and other projects included in an integrated plan for sustainable urban development”. The EIB has been assigned by the Council Regulation a potential role as holding fund for UDFs.

The role of cities for contemporary global economic, technological and cultural processes has been significant. Cities become recognized as places concentrating assets essential to support the growth of the national economy and social development and to succeed in global competition. A new perspective comprehends that ‘urban life is founded on the ‘multiplexing’ of diverse economic, social, cultural and institutional assets which may not all come together in the city’ (Amin and Graham, 1997). Deprivation and wealth accumulated unevenly within different urban neighbourhoods (or informal settlements) are the examples of uneven redistribution of these important assets.

Multiple problems of deprived neighbourhood require an innovative comprehensive approach based on the comprehension that it is a dialectical relationship between social and physical processes that contribute to such deprivation. Social structures affect physical environment of neighbourhoods and visa versa. Social inequality and exclusion are not the only forces responsible for precarious living conditions in certain neighbourhoods; such places are also excluded from the wider urban structure and planning strategies as well as from mainstream economic, political and social development.

The growing recognition of these simultaneous processes has stimulated the emergence of new urban renewal strategies with approaches that focus on place-based actions (the importance of interventions at a certain spatial level) and with a greater focus given to people participation (empowering communities and allowing their stake in the urban renewal). Tackling social exclusion through area-based programs is a key concern that needs to be supported by partnership and by empowering the residents and communities at focus. And yet, area-based approaches should not be considered as the only possible solution. Such strategies can be highly relevant in certain contexts, but not in other settings. They are mostly suitable for areas in which multiple problems of deprivation have become spatially concentrated. In other cases, where there is no such a ‘neighbourhood effect’, other policies might be more relevant (subsidies, different forms of social support).

Nevertheless, some countries have been very progressive to explore this new urban renewal field. The UK has been one of the leaders in this field to establish effective strategies for places and people. The government has recently launched its National Strategy for Neighbourhood Renewal to address deprived neighbourhoods in an integrated way with a simultaneous focus on social, economic and environmental issues at the neighbourhood level. The strategy is also designed to ensure the solutions are sufficiently coordinated across different sectors at different levels of government and that all relevant voices are included and have a stake in urban renewal. Particularly, there is a close link of urban renewal programs with national strategy for shelter. In this way housing is given a key role to promote the objective for social mix. There is also a shift towards adopting people-focused regeneration strategies rather than simply on improving physical structures (what is defined as ‘soft’ regeneration strategies vs. ‘bricks and mortar’). ‘Bricks and mortar’ interventions are partial responses and they need to be complemented by ‘soft’ strategies aiming to change lives and prospects for the people in deprived areas. People or community initiatives are now being explored to support policy process and better outcomes for the interventions in deprived neighbourhoods. Social capital becomes a new paradigm of urban renewal programs.

In the context of Netherlands, urban renewal strategies can be characterized as an area-based approach as well. The key concepts are integrated, area-based and decentralized interventions. The approach deals with two major problems - ‘social exclusion problems’ and ‘integration’. The integration strategy is based on three major pillars – physical, economic and

social issues are to be simultaneously addressed. The strategy to tackle social exclusion considers the importance of social cohesion and the promotion of social mix. Special free funds to support physical, economic and social solutions have been established. However, each issue is still dealt with separately within these funds and this actually reinforces the problem of disintegration. Moreover, there has been only a modest achievement of social mix (i.e. the integration of the high-income and low income groups within the same neighborhood.) There is still too much weight given to physical problems. Dilapidated housing stock has often been replaced by new high-quality housing and thus upgrading has been achieved at the expense of low-income groups.

Most recent policies give a greater attention firstly to neighbourhood quality and community and only then to physical restructuring. There have been some recommendations to develop policies 'that lead to social mobility, investment in education, offering the opportunity to realize small steps on the housing ladder and refraining from physical interventions' (Masterd, S and Ostendorf, W, 2008). An important finding has been the contradiction between, on the one hand, a political discourse on deprived neighbourhoods as highly segregated places and, on the other, the reality of vibrant and dynamic places with a mixture of different cultures (ibid). It is rather luxurious housing enclaves that segregate and depart from active urban life at a much greater scale and that thus should be subjected to change as well.

7. Concluding Comments

In general, the problems of informal settlements have not been systematically addressed and responsibilities remain fragmented. Informal settlements and residents have often been neglected in the wider urban and social development practices. Some communities in informal settlements have opted for self-organization, this initiatives being often backed up by the media, local governments and international NGOs. Even if such are limited cases, the process of self-organization has had many positive outcomes. Currently, however, there is a global call for urgent yet sustainable interventions for informal settlements. National governments are translating relevant global strategies into specific national contexts. Higher level governments are increasingly seen as key enablers of change in informal settlement. There is also a commitment to ensure equal access to basic human rights as well as fairness in wealth redistribution. Public-private partnerships are often at the centre of decision-making. A strong tendency towards mobilising local skills and knowledge can also be noticed.

Various urban development projects have been undertaken in the last 20 years (e.g. in Spain, Italy, Greece and Portugal). The solutions range from legalisation and regularisation to the provision of essential social and engineering infrastructure, to resettlement programs in social housing, and to inclusion in formal urban planning. It has been evidenced that it is only through adopting comprehensive integrated solutions that better outcomes of informal settlement interventions can be achieved. Successful responses should be based on acknowledging varied forces behind different types of informal settlements and the need to apply a range of policy tools (social, economic, spatial planning) simultaneously. For such integrated integration to be effective, they must be framed by long-term strategies to achieve wider societal goals based on the principles of sustainability and social fairness. Equal, affordable and safe access to such basic human rights as land and shelter are the preconditions for the development of sustainable places and communities.

A number of problems have prevented existing programs for informal settlements from achieving successful outcomes. Insufficient financial and human resources, burdensome regulatory rules, unclear administrative procedures, and unrealistic standards have all been reported as major barriers. In some cases, responses have been reactive and hostile rather than comprehensive, strategic and proactive. The failure of many programs can be attributed to the misunderstanding of the deeper causes underlying the formations of informal settlements,

such as social inequality and unequal redistribution of wealth, as well as to a limited application of such policy tools as integrated land management and spatial planning. Responses to the housing question often remain very technical and the development of the housing sector has not been given a priority it deserves within the context of national economic and social development. The proper coordination between housing policy and other policies has yet to be developed. The belief in the market as a one-fits-all solution often further marginalizes alternative developments and reinforces the problems of informal settlements.

The following lessons for policy consideration can be drawn from the existing experiences. It is important to consider a number of important initiatives when translating the informal settlements agenda into local contexts; better outcomes have been possible because of:

- a) changes in policy-making towards a strategic vision and planning for short-term, medium and long-term solutions;
- b) the creation of an effective governance framework that joins key actors across different fields and empowers voices of marginalized groups;
- c) the establishment of a platform for a dialogue between key actors and effective public-private partnerships;
- d) the willingness to draw on existing practices and learn from other experiences to support the policy process; the eagerness for continuous learning and knowledge sharing;
- e) a new commitment towards fighting social inequality and establishing social justice;
- f) a thorough analysis of major causes affecting residents' living conditions;
- g) the establishment of efficient linkages between major policy fields - housing, land management and spatial planning;
- h) the development of urban strategies that focus on a settlement level but understand the importance of the settlement's connection to the wider social, economic, environmental and urban development processes.

8. Learning from the Past, Looking to the Future: Issues for the Policy Dialogue

Based on the study, the following key policy principles are proposed to guide informal settlement interventions.

1. There is no one-fits-all solution to address the problems of informal settlements and the choice of policy tools should be comprehensive and consider the specific socio-cultural context.
2. Policies to address informal settlements must be based on the understanding that they are spatial manifestations of social inequality, and the comprehension of the complex and multidimensional nature of social inequality. Effective responses to multiple disadvantages within informal settlements should integrate different social-supporting measures.
3. The adoption of an integrated national strategy to address social inequality and unequal spatial redistribution of wealth is fundamental for better policy outcomes for informal settlements.
4. Joint-up and inclusive approach to governance must ensure better results in relation to informal settlements interventions.

5. Strategies for informal settlements must be based on a clear understanding of the nature of deprivation in particular informal settlements and should pursue an integrated, people-focused and place-based approach.
6. Housing, land and spatial planning policies must always be a key focus for the informal settlement policy interventions, and constitute part of an integrated national strategy to address social inequality and unequal spatial redistribution of wealth.
7. It is important to formulate a national strategy for housing that supports marginalised communities.
8. Informal settlements must be part of a well-designed system of land management committed to providing people with affordable access to serviced land.
9. There must exist a pro-poor spatial planning system based on the principles of sustainable development.
10. Effective policies for informal settlements must consider the development of social capital.
11. Knowledge and education, and access to information must be provided

References

(to be updated to include all those in the report)

Abbott, J. (2002). "An Analysis of Informal Settlement Upgrading and Critique of Existing Methodological Approaches." *Habitat International*, vol. 26, pp. 303-315.

Angel, S. (2000). *Housing Policy Matters – A Global Analysis*. New York: Oxford University Press.

Atkinson, R. (2000). Combating Social Exclusion in Europe: The New Urban Policy Challenge. *Urban Studies*, 37(5-6), 1037-1055.

Belgrade Urbanism Institute. (2003). *Programme Offering Solutions for the Issue of the Unsafe Settlements in Belgrade*. Belgrade Urbanism Institute, Belgrade.

Besnik, A., Lulo K., & Myftiu, G. (2003). *Tirana: The Challenge of Urban Development*. Tirana: CETIS.

Bolay, J. C. (2006) "Slums and Urban Development: Questions on Society and Globalisation" *The European Journal of Development Research*, Vol.18, No.2, pp.284–298

Bruto da Costa, A. and Baptista, I. (2001) *Working Together to Prevent Homelessness Among Disadvantaged Groups in Portugal*. Brussels: European Observatory on Homelessness.

Carley, M. (2001). 'Top-down and Bottom-up. The Challenge of Cities in the New Century', in M. Carley, P. Jenkins and H. Smith (eds), *Urban Development & Civil Society. The Role of Communities in Sustainable Cities*, London: Earthscan.

CECODHAS (2007) *Social Housing and Integration of Immigrants in the European Union*. Special edition, Autumn 2007. Brussels: CECODHAS-European Social Housing Observatory.

Council of Europe (2002). *Policy Guidelines on Access to Housing for Disadvantaged Categories of Persons*, CS-LO (2001) 31, ECSLO2001.31, Group of Specialists on Access to Housing, Strasbourg.

Council of Europe Development Bank (2004) *Housing in South Eastern Europe. Solving a Puzzle of Challenges*. Paris: Council of Europe Development Bank.

Deda, L. (2003). "The New Housing Market in Tirana" in S. Lowe et al. (eds.) *Housing Change in East and Central Europe: Integration or Fragmentation?* Aldershot: Ashgate Publishing Limited.

Devecigil, P.(2005) "Urban Transformation Projects as a Model to Transform Gecekondu Areas in Turkey: The Example of Dikmen Valley- Ankara", *European Journal of Housing Policy*, Vol.5, No.2, 211-229.

De Soto, H. (2003). *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Elsewhere*. Basic Books.

Dimopoulou, E. and Zentels, P. (2007) "Informal Settlements within a Spatial Development Framework" Paper presented at "Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning" FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Donner, Ch. (2000). *Housing Policies in the European Union: Theory and Practice*. European Union.

Duncan, J. (2005) *From Budapest to Bishkek: Mapping the Root of Poverty Housing*. Habitat for

Humanity Europe and Central Asia.

Durand-Lasserve, A. (2006) "Informal Settlements and the Millenium Development Goals: Global Policy Debate" Global Urban Development Magazine, vol. 2, issue 1, March.

Economic Commission for Europe (ECE) (2001) Land Administration Review: Georgia. Geneva: United Nations Economic Commission for Europe.

_____ (2002) Country Profiles on Housing: Albania. Geneva: United Nations Economic Commission for Europe.

_____ (2003) Country Profiles on Housing: Armenia. Geneva: United Nations Economic Commission for Europe.

_____ (2005) Country Profiles on Housing: Serbia and Montenegro. Geneva: United Nations Economic Commission for Europe.

_____ (2007a) Country Profiles on Housing: Georgia. Geneva: United Nations Economic Commission for Europe.

_____ (2007b). UNECE Countries in Figures 2007. `New York and Geneva: United Nations Economic Commission for Europe.

European Bank for Reconstruction and Development (2006) Transition Report 2006. London: EBRD

European Commission (2004) The Situation of Roma in an Enlarged European Union. Brussels: European Commission, Directorate-General for Employment and Social Affairs, Unit D3.

Eurostat (2007) Europe in Figures 2006/07. Brussels: European Communities.

Gabriel, B. (2007) "Informal Settlements in SEE – A regional support approach Spatial Information Management toward Legalizing Informal Urban Development". Paper presented at "Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning" FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Ioannidis, C.; Psaltis, C. and Posiou, Ch. (2007) " Towards a strategy for suburban informal building control through automatic change detection". Paper presented at "Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning" FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Jahn, A. and Straubhaar, T. (1999) "A survey of the economics of illegal immigration", in Baldwin-Edwards, M. and Arango, J. (eds.), Immigrants in the Informal Economy in Southern Europe, London, Frank Cass.

Hegedüs, J., S. Mayo and I. Tosics. 1996. 'Transition of the Housing Sector in the East Central European Countries'. Review of Urban & Regional Development Studies. 8, pp.101-136.

Heitkamp, Thorsten (2000). "The integration of unplanned towns in the periphery of Madrid: The case of Fuenlabrada," Habitat International 24. Pp.213-220.

International Finance Corporation (IFC) (2006) Central Asia Housing Finance Gap Analysis. Washington DC: IFC and the World Bank Group.

Internal Displacement Monitoring Centre (IDMC)(2007)Global Monitoring Project, <http://www.internal-displacement.org/>, accessed October 26, 2007

Joint Center for Housing Studies of Harvard University (JCHS) (2007) The State of the Nation's

Housing 2007. Harvard: JCHS.

Kreibich, V. (2000). "Self-help planning of migrants in Rome and Madrid," *Habitat International* v.24 Pp. 201-211.

Leckie, S. (2002) *Regional Housing Issues Profile, Implementing Housing Rights in South East Europe*, Nairobi: UN-Habitat

Lux, M. (ed). (2003). *Housing Policy: An End or a New Beginning*. Budapest: Local Government Initiative, Open Society Institute.

Mandič, S. (2006) *Fourth Review of Policies on Homelessness in Europe*. Brussels: FEANTSA.

Ministry of Infrastructure of the Italian Republic & Federcasa (MoIIR) (2007). *Housing Statistics in the European Union, 2006/07*. Rome: MoIIR.

Ministry of Economy Republic of Azerbaijan(2003) *State Programme on Poverty Reduction and Economic Development, 2003-2005*. Baku: Ministry of Economy.

Müller, Y and Lješković, S. (2007) "Illegal construction in Montenegro", Paper presented at "Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning" FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Municipality of Tirana. (2004). "The Development of Informal Settlements in Tirana" Presented at the Ministerial Conference on Informal Settlements in South Eastern Europe 28 Sept – 01 Oct 2004. Retrieved on November 16th, 2007 from <http://www.stabilitypact.org/humi/040928-presentations/tirana.pdf>

OSCE (2006) *Report on Roma Informal Settlements in Bosnia and Herzegovina*. Sarajevo: OSCE-Mission to Bosnia and Herzegovina, http://www.cohre.org/view_page.php?page_id=237, accessed on November 15, 2007

Ozer, G.; Vardar, A. and Nazım, M. (2007) "Unplanned Settlements within the context of Urbanization Process of Turkey". Paper presented at "Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning" FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Payne, G., & Majale, M. (2004). *The Urban Housing Manual: making regulatory frameworks work for the poor*. London: Earthscan.

Potsiou C and Ioannidis C. (2006). "Informal Settlements in Greece: The Mystery of Missing Information and the Difficulty of Their Integration into a Legal Framework, Promoting Land Administration and Good Governance" paper presented at 5th FIG Regional Conference, Accra, Ghana, March 8-11, 2006

Potsiou. Ch. Ioannidis, C. (2007) "Informal Settlements in Greece: The Mystery of Missing Information and the Difficulty of Their Integration into a Legal Framework". Paper presented at "Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning" FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Registra, Analystas and Imantra (2005) *Housing Finance in Croatia*, report for IFC, Washington DC.

Royal Institution of Chartered Surveyors (RICS) (2007) *European Housing Review 2007*. London: RICS.

Soaita, A.(2007)"The new housing developments in Romania: Challenges and resident Involvement".

Paper presented at the European Network for Housing Research Conference, Rotterdam, 21-25 June, 2007

Struyk, R. (ed) (2000). Homeownership and Housing Finance Policy in the Former Soviet Bloc: Costly Populism. Washington D.C: Urban Institute Press.

Tsenkova, S. (2003). 'Housing Policy Matters: The Reform Path in Central and Eastern Europe: Policy Convergence?' in Tsenkova, S. and S. Lowe (eds) Housing Change in Central and Eastern Europe: Integration or Fragmentation. Aldershot: Ashgate Publishing Limited, pp.193-205.

_____ (2005) Trends and Progress in Housing Reforms in South East Europe. Paris: Council of Europe Development Bank.

_____ (2006) Beyond Transitions: Understanding Urban change in post-socialist Cities. In Tsenkova, S. and Nedovic-Budic, Z. (eds) The Urban Mosaic of Post-socialist Europe, Heidelberg: Springer-Verlag

_____ (2007) Informal Settlements in the ECE Region. Survey Results. Geneva: UNECE.

Turró, M; Field, B and Carbonaro, G. (2007) "A Changing Scenario for European Support of Urban Renewal and Development: The first steps of JESSICA". Informationen zur Raumentwicklung, Heft 9.2007 573.

United Nations Human Settlements Program (UN-HABITAT) (2003). Global Report on Human Settlements 2003. The Challenge of Slums. London: Earthscan.

_____ (2004) Pro Poor land Management. Integrating Slums into City Planning Approaches. Nairobi: UN-HABITAT.

_____ (2005a) Global Report on Human Settlements 2005. London: Earthscan.

_____ (2005b) Housing and Property Rights: Bosnia and Herzegovina, Croatia, Serbia and Montenegro. Nairobi: UN-HABITAT.

_____ (2006) Four Strategic Themes for the Housing Policy in Serbia. Belgrade: Settlement and Integration of Refugee Programme in Serbia (SIRP).

_____ (2007) State of the World Cities Report 2006/07. London: Earthscan.

Vienna Declaration (2004). "Annex B: Vienna Declaration" in Report: Ministerial Conference on Informal Settlements in South Eastern Europe, OSCE Hofburg in Vienna, 28 Sep – 01 Oct 2004. Retrieved on October 25th, 2007 from <http://www.stabilitypact.org/humi/041001-conference.html>

Wegelin, E. (2003) Refugee-related Housing Issues in selected SEE Countries presented at CEB/WB Housing Conference, Paris, April 2003.

The World Bank (2001) Upgrading Urban Communities: A Resource Framework. Washington, D.C.: The World Bank, CD ROM

_____ (2002) Transition – the First Ten Years: Analysis and Lessons for Eastern Europe and the Former Soviet Union. Washington, D.C.: The World Bank. Europe and Central Asia Regional Department (ECA).

_____ (2005) Meeting the Millennium Development Goals in Europe and Central Asia. Background Reports. Washington DC: The World Bank

_____ (2007) "World Bank Responses to the Problem of Informal Development: Current

Projects and Future Action” . Paper presented at “Informal Settlements – Real Estate Markets Needs Related to Good Land Administration and Planning” FIG Commission 3 Workshop, Athens, Greece, March 28-31, 2007

Statistical Annex

Population Growth and Urbanization

	Population			Level of urbanization (% population) 2005	Urban Population		Capital City
	Millions	Average annual % growth 1990-2000	Density people per square km 2000		Urban population Millions 2005	Annual growth (%) 2000-2015	
	2000				2005		
Western Europe and North America	a						
Austria	8	0.5	98	65.8	5.3	0.5	Vienna
Belgium	10	0.3	312	97.3	10	0.0	Brussels
Denmark	5	0.4	126	85.5	4.6	0.1	Copenhagen
Finland	5	0.4	17	60.9	3.1	0.8	Helsinki
France	59	0.4	107	76.7	46.6	0.6	Paris
Germany	82	0.3	235	88.5	73	0.1	Berlin
Greece	11	0.4	82	61.4	6.7	0.4	Athens
Ireland	4	0.8	55	60.4	2.4	1.3	Dublin
Italy	58	0.2	196	67.5	38.7	0	Rome
Luxembourg a	0.44	1.4	169	92.4	0.4	0.7	
Netherlands	16	0.6	469	66.8	10.9	0.2	Hague
Norway	4	0.6	15	80.5	3.7	0.8	Oslo
Portugal	10	0.1	109	55.6	5.6	1.1	Lisbon
Spain	39	0.2	79	76.7	31.5	0.1	Madrid
Sweden	9	0.4	22	83.4	7.4	0.3	Stockholm
Switzerland	7	0.7	182	67.5	4.8	0.5	Zurich
United Kingdom	60	0.4	247	89.2	53.1	0.2	London
Israel	6	2.9	302			1.4	Tel Aviv
Turkey	65	1.5	85			2	Ankara
Western Europe	458.44				307.8		
Canada	31	1.0	3	81.1	25.9	1.1	Ottawa
United States	282	1.2	31	80.8	242.3	1.0	Washington DC
North America	313				268.2		
Eastern Europe and the CIS							
Albania	3	0.4	124	45.0	1.4	2.1	Tirana
Bosnia & Herzegovina	4	-1.3	77	45.3	1.9	1.8	
Bulgaria	8	-0.7	74	70.5	5.4	-0.1	Sofia
Croatia	4	-0.7	80	59.9	2.6	0.5	Zagreb
Czech Republic	10	-0.1	133	74.5	7.6	0.0	Prague
Estonia	1	-0.9	34	69.6	0.9	-0.8	Tallinn
Hungary	10	-0.3	109	65.9	6.5	0	Budapest
Latvia	2	-1.0	39	65.9	1.5	-0.7	Riga
Lithuania	4	-0.1	57	66.6	2.3	0	Vilnius
FYROM	2	0.7	80	59.7	1.2		Skopje
Poland	39	0.1	127	62.0	23.9	0.7	Warsaw
Romania	22	-0.3	97	54.7	12.1	0.3	Bucharest
Serbia & Montenegro	11	0.1	..	52.3	5.5	0.8	Belgrade
Slovakia	5	0.2	112	58.0	3.1	0.6	Bratislava
Slovenia	2	-0.1	99	50.8	1		Ljubljana
Eastern Europe							
Armenia	4	0.8	136	64.1	1.9	1	Yerevan
Azerbaijan	8	1.2	93	49.9	4.2	1.6	Baku
Belarus	10	-0.2	48	71.6	7	0.3	Minsk
Georgia	5	0.0	78	51.5	2.6	0.9	Tbilisi
Kazakhstan	15	-0.9	6	55.9	8.6	0.8	Alma-Ata
Kyrgyzstan				33.7	1.9		
R. Moldova	4	-0.2	129	46.3	1.9	0.7	Chishnau
Russian Federation	146	-0.2	9	73.3	103.7	0.2	Moscow
Tajikistan	6	1.8	45	24.2	1.5	2	
Turkmenistan	5	2.8	10	45.8	2.3	2.2	
Ukraine	50	-0.5	86	67.3	32.2	0	Kiev
Uzbekistan	25	1.8	60	36.4	9.8	1.7	Tashkent
CIS	405				254.5		
World	6065	1.4	47			..	

Notes: a. Luxembourg, Bosnia & Herzegovina World Development Report (2002) p. 240.

Source: Columns 1-3: World Development Report (2002) pages 232-233
Columns 4-6: State of the World Cities Report (2007)

ANNEX 2 URBAN POPULATION

Urban population (in '000s)

Country name	1990	1995	2000	2005	2010	2015	2020
Developed regions							
Albania	1 188	1 242	1 306	1 448	1 603	1 762	1 929
Andorra	50	60	61	69	77	86	96
Australia	14 369	15 866	17 375	18 621	19 686	20 628	21 466
Austria	5 083	5 295	5 331	5 343	5 363	5 412	5 497
Belgium	9 606	9 810	9 955	10 076	10 158	10 213	10 257
Bosnia and He	1 691	1 400	1 708	1 908	2 051	2 188	2 315
Bulgaria	5 787	5 704	5 569	5 473	5 390	5 300	5 208
Canada	21 214	22 801	24 429	25 930	27 324	28 667	29 958
Croatia	2 617	2 484	2 566	2 637	2 704	2 763	2 815
Czech Republii	7 750	7 716	7 607	7 614	7 634	7 629	7 597
Denmark	4 359	4 440	4 529	4 607	4 672	4 726	4 774
Estonia	1 127	1 010	949	901	861	827	794
Finland	3 063	3 135	3 164	3 180	3 218	3 280	3 362
France	42 015	43 543	44 897	46 554	48 135	49 635	51 062
Germany	67 757	70 633	72 036	73 044	73 729	74 250	74 621
Greece	5 979	6 193	6 552	6 740	6 937	7 139	7 339
Hungary	6 426	6 435	6 406	6 451	6 496	6 531	6 551
Iceland	231	245	261	273	283	292	301
Ireland	2 000	2 090	2 259	2 440	2 612	2 798	2 985
Italy	37 846	38 347	38 677	38 657	38 570	38 428	38 315
Latvia	1 908	1 713	1 586	1 492	1 420	1 369	1 330
Liechtenstein	6	6	7	7	8	9	10
Lithuania	2 528	2 397	2 344	2 266	2 212	2 175	2 151
Luxembourg	326	361	396	429	461	491	521
Malta	315	338	354	366	376	385	392
Monaco	30	32	33	35	36	38	39
Netherlands	8 970	9 553	10 230	10 891	11 470	11 985	12 467
New Zealand	2 848	3 076	3 242	3 381	3 507	3 628	3 748
Norway	3 052	3 197	3 392	3 677	3 901	4 077	4 223
Poland	23 143	23 657	23 846	23 891	24 103	24 444	24 840
Portugal	4 619	4 999	5 312	5 609	5 875	6 109	6 315
Romania	12 350	12 452	12 274	12 154	12 206	12 215	12 178
Serbia and Mo	5 166	5 420	5 444	5 503	5 634	5 802	6 003
Slovakia	2 969	3 047	3 062	3 138	3 228	3 309	3 377
Slovenia	972	1 011	1 011	1 005	1 007	1 016	1 033
Spain	29 615	30 293	31 078	31 573	31 910	32 167	32 315
Sweden	7 112	7 341	7 377	7 421	7 488	7 569	7 668
Switzerland	4 677	4 819	4 849	4 832	4 816	4 815	4 835
FYR of Macedo	1 103	1 173	1 202	1 239	1 284	1 339	1 398
United Kingdor	50 342	51 202	52 189	53 183	54 151	55 270	56 559
United States	192 551	208 546	225 434	242 305	259 016	275 550	291 865
EURASIA (Countries in CIS)							
Belarus	6 782	6 968	7 003	7 025	7 057	7 088	7 082
Rof Moldova	2 047	2 002	1 961	1 972	2 019	2 104	2 216
Russian Feder	108 830	108 666	106 758	103 730	101 218	99 144	97 201
Ukraine	34 641	34 501	33 363	32 176	31 274	30 575	29 935
Asian countries in CIS							
Armenia	2 372	2 194	2 024	1 950	1 908	1 901	1 908
Azerbaijan	3 864	4 062	4 123	4 253	4 504	4 851	5 280
Georgia	3 006	2 883	2 772	2 587	2 476	2 438	2 428
Kazakhstan	9 586	9 343	8 733	8 594	8 580	8 916	9 297
Kyrgyzstan	1 657	1 644	1 692	1 781	1 914	2 103	2 349
Tajikistan	1 675	1 641	1 568	1 538	1 602	1 770	2 032
Turkmenistan	1 653	1 875	2 080	2 295	2 571	2 911	3 308
Uzbekistan	8 226	8 750	9 282	9 767	10 462	11 379	12 502

Source: UN-HABITAT, 2007