



**Sustainable Urban Development & Affordable Housing
in South Eastern Europe**

Progress Report

for the

Regional Table Meetings of the Stability Pact for South Eastern Europe,
Sofia, 17&18 May 2005



1 Introduction

In line with the overall objectives of Working Table II to promote economic reconstruction, development and co-operation in South Eastern Europe, the Housing and Urban Management initiative (HUMI) is promoting the development of working housing markets, including affordable housing options for all segments of society as well as sustainable urban development. It is supporting the Initiative for Social Cohesion (ISC) and its partners in the ISC Housing Expert network efforts regarding housing policy and finance on a more operational level by directly supporting the countries of the Western Balkans.

HUMI is assisting the countries in SEE to overcome obstacles in the development of housing policy instruments; to promote the regional cooperation in the area of housing policies and to further the process of exchange of information on these policies and related matters throughout South-East Europe.

At a high level conference on the issue of Informal Settlements in SEE organized by HUMI in Vienna in late September 2004. Ministry representatives from Albania, the former Yugoslav Republic of Macedonia, Serbia and Montenegro signed the “Vienna Declaration on Informal Settlements in SEE”, reaffirming their commitment to formalising existing informal settlements, including among other things facilitating more secure tenure and access to education, health care and infrastructure services. Furthermore, working group discussions during this Ministerial conference have identified a vital interest of SEE governments and international institutions to develop a capacity building instrument to train national as well as municipal officials in the area of housing and urban management.

In order to sustain the considerable regional momentum generated through the Vienna conference, the Ministère des Affaires Etrangères of Luxemburg provided financial resources to support Working Table II in furthering this important process. Throughout 2005, this support enables HUMI to (i) support SEE Governments in implementing the Vienna Declaration commitments and (ii) facilitate the development of a regional capacity building programme for urban development and housing in the SEE region together with relevant partners and stakeholders. In addition, the (iii) promotion of academic co-operation and research in the area of land and urban development presents a subordinated objective of HUMI in 2005.

2 Progress January to May 2005

Strategy

In order to further the regional process initiated in autumn 2004 and to promote respective assistance needs vis-à-vis the international donor community, a strategy was formulated to mobilise all stakeholders to jointly work towards *two goals* in 2005:

- The preparation of a *final capacity building programme proposal for urban development and housing in the SEE region* consisting of a regional steering umbrella with tailored national programmes (as stated in the Vienna Declaration, Page 2, Paragraph VII) and
- The formulation of *Ministerial Action Plans (Vienna Declaration Action Matrix – VDAM) to implement Vienna Declaration* commitments (as stated in the Vienna Declaration, Page 2, Paragraph II)

The achievement of these goals is considered the precondition for identifying and mobilising resources needed (a) to enter the development phase of a capacity building programme and (b) to support specific activities of SEE Governments targeted at the implementation of National Action Plans re informal settlement issues.

To implement this strategy in a consultative manner, SP/HUMI's activities were built around two “Technical workshops on housing and urban management in SEE” hosted in Brussels on 22 - 23 March 2005 and Vienna on 11 May 2005. Serving as important milestones in this process, the workshops were attended by Ministry representatives from South Eastern Europe (signatories and non-signatories of the Vienna Declaration), regional as well as international experts, NGOs and representatives from UN-HABITAT, GTZ, World Bank Institute, UN-ECE and the Council of Europe to jointly discuss further steps to achieve the important goals highlighted above.

Regional Capacity Building Programme

In early February, SP/HUMI and UN-HABITAT¹ discussed possibilities for future cooperation to provide respective capacity building options in the sectors of housing and urban development to the Western Balkan countries. Following the agreement on joint efforts in this area, UN-HABITAT prepared and submitted a draft project concept note for a “Regional Capacity Building Programme on Urban Planning and Management” to be reviewed by a stakeholder group during the 1st technical workshop in Brussels on 22 March 2005.

To extend the portfolio of UN-HABITAT’s concept note which aimed at the urban development sector, SP/HUMI facilitated the preparation of a concept for capacity building in the housing sector² to be interlocked with UN-HABITAT’s proposal under a regional umbrella. After preparing ToR for this task, SP/HUMI successfully acquired financial resources from the Dutch “Stichting Fonds Werken en Wonen” for the preparation of the housing sector proposal, external housing consultants have been assigned to this task and a draft proposal has been submitted.

Based on the two proposals presented by UN-Habitat and a consortium of Dutch consultants during the “1st technical workshop on housing and urban management in SEE” in Brussels on 22 - 23 March 2005, the stakeholder group agreed that both proposals addressed high priority capacity building needs and that their further development is therefore urgent. As significant substantive areas of common concern were identified by the participants (e.g. the spatial planning/informal settlements resolution nexus, and the issue of security of land-tenure), it was agreed that it makes sense to work towards a unified approach to develop a capacity building programme for urban development and housing in the SEE region (namely Albania, Bosnia-Herzegovina, Croatia, Montenegro, Republic of Macedonia, Serbia and UNMIK/Kosovo). An alternative parallel preparatory trajectory was seen as sub-optimal, given the limited absorptive capacity in the SEE countries, and the potential for duplication and competition for the same resources for programme implementation.

It was further agreed that co-operative programme preparation will be undertaken in 2005 between UN-Habitat and HUMI/Stability Pact in close consultation with the countries concerned and tentative parameters for co-operative programme preparation have been set.

On 11 May 2005, a 2nd workshop on housing and urban management in SEE (to be hosted by the Stability Pact/HUMI in Vienna) will provide the opportunity to further discuss details of housing related capacity building modules and the programme’s operational procedures and modalities with an extended stakeholder group.

Vienna Declaration

On 28 September 2004, the Vienna Declaration on Informal Settlements in SEE was signed by the Governments of Albania, the former Yugoslav Republic of Macedonia, Serbia and Montenegro. Although internal discussions between UNMIK and PISG prevented the Ministry of Environmental Protection and Spatial Planning (MESP) in Kosovo from signing the Vienna Declaration at that time, both parties repeatedly expressed their support.

In February 2005, HUMI met with the Minister of Environmental Protection and Spatial Planning, Bajram Kosumi³, and UNMIK’s Principal International Officer in the Ministry, Andreas Jasch, in order to reiterate the relevance of the Vienna Declaration and to ask UNMIK as well as PISG to consider signing the document. On 17 March 2005, UNMIK’s representative of the Ministry of Environment and Spatial Planning as well as Minister Kosumi have signed the Vienna Declaration and Kosovo has become the fifth entity in the Western Balkans to fully support regional efforts to formulate and implement sustainable housing and urban development strategies.

In order to pave the way for supporting and monitoring the implementation of the declaration commitments, Stability Pact / HUMI asked each of the signatories to prepare a draft “*Vienna Declaration Action Matrix*” (VDAM)⁴ and provided a respective template. This matrix is intended to serve as an efficient tool to (a) generate necessary technical and/or financial assistance for implementation of national strategies and (b) monitor regional progress of activities related to informal settlement resolution and prevention.

During the “1st technical workshop” in Brussels (Day 2, 23 March 2005), Ministry representatives presented and discussed their draft “Vienna Declaration Action Matrix” (VDAM) indicating each Ministry’s goals, activities, benchmarks, involved actors and timelines regarding the implementation of

¹ being one of the Vienna Declaration signatories and having 5 years of sectoral experience in the post-conflict and transition context of the Western Balkans (UN-HABITAT Kosovo Programmes)

² Priority areas: affordable / public housing; rehabilitation of housing stock; resolution and prevention of informal housing

³ now Prime Minister of Kosovo

⁴ outlining planned activities to adequately address informal settlement issues

Vienna Declaration commitments. Matrices were presented by the representatives from Macedonia, Montenegro and Serbia and reviewed by the workshop participants. It was concluded that each needed fine tuning and further detailing to enhance the utility of the action matrix as a tool to monitor progress in action plan implementation and to generate external support for that purpose.

It was agreed that external support resources will be required for action plan implementation and monitoring in all three cases. Based on external support requirements to be formulated by the Ministries, the HUMI/SP will assist in identifying and mobilizing such resources.

The presenters agreed to consider the above and submit a more detailed action matrix in a follow-up meeting tentatively scheduled in October 2005. In accordance with Page 2, Paragraph VIII of the declaration, it was further agreed that the next (bi-annual) regional review meeting may be held in the region with SP financial and technical support to enhance regional sense of ownership.

In addition, it was highlighted that the regional monitoring of Vienna Declaration implementation activities as well as related technical assistance for the Western Balkan countries will need to be taken over from SP by a suitable institution/network within the next two years (end-2006 by the latest). Since SP does not have sufficient technical capacity and needs to be considered a temporary instrument, it was recommended to prepare ToR for the regional monitoring activities required in order to pave the way for a future handover of monitoring responsibilities.

Due to the absence of representatives from Albania and UNMIK/Kosovo (problematic VISA application), their matrices could not be presented and discussed. Nevertheless, Ministry representatives from Albania and UNMIK/Kosovo confirmed their willingness to present the missing matrices in the second workshop on housing and urban management hosted in Vienna on 11 May 2005.

Land and urban research

In late January, SP/HUMI consulted with the Head of Sector “Urban Sustainability & Cultural Heritage” at the European Commission / DG Research in order to look into possibilities for the Western Balkan countries to benefit from land & urban research programmes under the EU’s Research Framework Programme.

The Framework Programme is the European Union’s main instrument for funding research in Europe. Framework Programme 6 is open to public and private entities, large or small, for four years from the end of 2002 through to 2006. Western Balkan countries are eligible to participate in the programme as part of research consortia with partner institutions from EU countries and research project funding is limited for SEE countries.

As objectives and guidelines for the upcoming 7th Research Framework Programme (2006-2010) are reviewed in the 1st half of 2005, the Special Coordinator of the Stability Pact (SCSP), Dr. Erhard Busek, has taken the opportunity to issue an official appeal (28 January 2005) to Commissioner Potocnik asking for consideration of improved access to financial resources for research activities in South Eastern Europe under FP7. Furthermore, SP highlighted the need for SEE countries to benefit from urban research output which has already been generated by the scientific community under FP5 and FP6.

Following a positive response (7 March 2005) from Commissioner Potocnik to SCSP emphasising his “intention to further improve the participation of Western Balkan countries to the Framework Programme”, SP/HUMI and the Head of Sector “Urban Sustainability & Cultural Heritage” at the European Commission / DG Research agreed to jointly aim at stimulating SEE programme participation.

Key achievements 1st quarter:

Regional Capacity Building Programme:

- Urban development: UN-HABITAT prepared draft proposal
- Housing: Financial resources for preparation of housing proposal generated; draft proposal submitted by Dutch consultancy consortium
- 1st stakeholder workshop held and cooperative programme design (urban development & housing) under way; substance of draft proposal validated by stakeholders

Vienna Declaration:

- UNMIK/Kosovo signed the Vienna Declaration
- Macedonia, Montenegro and Serbia presented draft Ministerial action-plans to implement declaration commitments
- Albania and UNMIK/Kosovo will present missing draft action-plans in May 2005

Land and urban research:

- European Commission / DG Research and SP/HUMI to promote (i) land and urban research in SEE under the EU Framework Programme and (ii) tools to benefit from urban research output which has already been generated by the scientific community

3 Plans for next Quarter

To achieve the goals outlined in the introduction under section 3, the following key activities will be undertaken in the 2nd quarter of 2005:

- Supervision of further cooperative capacity building programme design (goal: formulation of operational modalities)
- Organisation of 2nd workshop on housing and urban management issues in SEE (Vienna, 11 May 2005) in order to facilitate
 - Review and validation of consolidated programme proposal by extended stakeholder group
 - Submission of Ministerial Vienna Declaration Action Matrices by Albania and UNMIK/Kosovo
- Promotion of regional capacity building programme vis-à-vis the international donor community and IFIs (providing the ground for future generation of resources needed for development as well as implementation phase of the programme)
- Identification of academic networks in SEE in order to promote academic cooperation in the area of housing and urban management

4 Key issues arising

Politically, it will be of considerable importance to further involve Croatia and Bosnia-Herzegovina in the development of a regional capacity building programme. As both countries have not signed the Vienna Declaration, commitment to address housing and urban development issues and to foster regional cooperation in this area needs to be stimulated through strong integration of these countries into the consultative programme design process⁵. Furthermore, Croatia and Bosnia-Herzegovina need to be encouraged to attend the (bi-annual) “Vienna Declaration regional review meetings” (Vienna Declaration, Page 2, Paragraph VIII) as observers.

In addition, special attention needs to be paid to the Ministerial capacity in Bosnia-Herzegovina and Kosovo to responsively assume a lead role in initiating and advancing sectoral reforms needed. While there is no state-level institution responsible for housing and urban development in Bosnia-Herzegovina⁶ (responsibilities are currently anchored on entity-level in Republika Srpska and the Federation), the Ministry of Environment and Spatial Planning in Kosovo will have to compensate the discontinuation of UNMIK’s substantial support (as of 31 March 2005).

⁵ frequent consultations with Ministry in charge, invitations to programme proposal review meetings, etc.

⁶ apart from one expert located in the Ministry of Refugees and Human Rights (MHRR)

Furthermore, it will be important to maintain existing and generate additional political support for the development of a regional capacity building programme. This applies to SEE governments, but also to donor countries as the international community will have to provide the bulk of resources needed to finance development and implementation of this regional programme designed to build a self-sustaining capacity over a period of 4-6 years.

5 Annexes

1. Vienna Declaration on Informal Settlements
2. Summary conclusions of the Ministerial Conference on Informal Settlements in SEE (Vienna, 28 Sep – 01 Oct 2004)
3. Stability Pact Press Release 004
4. Executive Summary on “Capacity Building Programme for Urban Development and Housing”
5. Stability Pact / HUMI Summary achievements

Supplementary reports and documents are available on request. For further information on SP/HUMI, please contact Bjoern.Gabriel@stabilitypact.org. Thank you very much!