

WHO DECIDES?



**Development, Planning, Services,
and Vulnerable Groups**

**Edited by
Katalin Pallai**

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Services, and
Vulnerable Groups

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KATALIN PALLAI

LOCAL GOVERNMENT AND PUBLIC SERVICE REFORM INITIATIVE
OPEN SOCIETY INSTITUTE–BUDAPEST

Address

Október 6. utca 12
H–1051 Budapest, Hungary

Mailing address

P.O. Box 519
H–1357 Budapest, Hungary

Telephone

(36-1) 327-3104

Fax

(36-1) 327-3105

E-mail

lgprog@osi.hu

Web Site

<http://lgi.osi.hu/>

First published in 2009
by Local Government and Public Service Reform Initiative, Open Society Institute–Budapest
© OSI/LGI, 2009



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ISBN: 978 963 9719 14 9



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Managing Editor: Tom Bass

Cover photo: © Chachipe 2007 | Zoltán Balogh | Life in the Illatos Street I

Photos in the Bulgarian chapter: © Boyan Zahariev, Valeri Lekov, and Ilko Jordanov

Printed in Budapest, Hungary, 2009

Design & Layout: Judit Kovács | Createch Ltd.

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Scott Abrams

Deputy Director

Local Government and Public Service Reform Initiative

Open Society Institute

Október 6. utca 12

H-1051 Budapest, Hungary

Phone: (+36 1) 327 3104 ext. 2268

Fax: (+36 1) 327 3105

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Acknowledgments

This book has been long in the making. From conception to completion, over the course of three years, a number of people contributed extensively to the process, thus ensuring that the text you now have in front of you is far more profound than earlier renditions. To begin with, Eoin Young and Lisa Quinn, LGI's Policy Communications Trainers, tutored the group of contributing fellows on effective policy paper writing and in the development of their advocacy plans. LGI staff members Petra Kovács, Masha Djordjevic and Meghan Simpson provided insightful feedback to the authors at various stages of their writing. Gábor Péteri, LGI Consultant, offered the fellows an extensive peer review once the penultimate drafts were completed; his comments also led to important improvements. Tom Bass worked tirelessly to ensure that language editing, design and production came together seamlessly into this polished collection of reports. It was a pleasure to have collaborated with such a bright and motivated group of policy fellows over the past few years and I delight in seeing their work now published in *Who Decides?* I thank all those who contributed to the process and hope policymakers and advocates in the region and beyond will find it a useful publication.

I would also like to express LGI's appreciation for the editorial contributions of Ari Korpivaara and Chuck Sudetic at the Open Society Institute–New York Communications Department.

Katalin Pallai
May 2009

List of Contributors

Ilko Jordanov is a consultant at the Open Society Institute–Sofia. He has M.Sc. degrees in Political Studies and Journalism from Sofia University St. Kliment Ohridski. His areas of expertise include equal integration of ethnic minorities, local self-government, anti-corruption, community policing, and media. He has also contributed as a consultant to many national and international projects under the auspices of the United Nations Development Programme, the World Bank, PHARE, the Azerbaijan National Research Association, Research Support Scheme–Prague, LGI, Open Society Institute, and the Bulgarian government. He has contributed to many publications on Bulgarian society and government policy.

Etleva Martiri currently is working as project coordinator for the UNDP project “Integrated Support for Decentralization.” Her areas of competence and recent assignments have focused on governance and development, decentralization reform, and environmental and public infrastructure developments. She graduated from the University of Tirana and has a M.B.A. Having attended several senior-level courses on public administration, statistical analysis, monitoring and evaluation, institutional management, and strategic planning, she has worked as a consultant on various projects related to socioeconomic development, the preparation of regional and local development strategies, and capacity building for local government and public administration.

Katalin Pallai is an independent expert on urban policy with 20 years of field experience. Her professional focus is on local governance and strategy, and her interest is focused on policymaking and strategy. Her key expertise is the facilitation of the work of different stakeholders and the coordination of the work of experts, steering them to develop and agree on integrated strategies, and she has assisted many governments, local governments, and international organizations in doing so.

In the past decade, Ms. Pallai has designed and directed many executive training and university courses on urban strategy and diversity management, and published books and numerous articles on urban strategies and local government reforms.

Katalin Pallai has a Ph.D. in Political Science, M.A. in Public Policy, and M.Sc. in Architecture and Urban Planning (for more information on Ms. Pallai, see www.pallai.hu).

Nóra Teller is employed by the Metropolitan Research Institute, Budapest. She has eight years of experience in housing research and consultancy on local economic development, housing policy, and decentralization. She has worked on several international projects for the Council of Europe, the Friedrich Ebert Foundation, the European Commission's 5th, 6th and 7th Framework research programs, and the European Spatial Planning Observation Network (ESPON). She has been conducting research on issues about social housing construction and housing allowances in Hungary and has cooperated in the development of social housing indicators for the Central Statistical Office of Hungary. She has published several papers on social housing policy and decentralization.

Vesna Tomasevic is an independent consultant specializing in local economic development. Her areas of expertise include decentralization and local government service delivery systems. She graduated from the University of Zagreb (Croatia) with a Master's in Economics, and has worked as a consultant on various international research and technical assistance projects, providing advisory services to local governments. She helped create more than 80 local economic development strategies all over Croatia. Her recent publications include: "The Role of an Economic Development Strategic Planning Model in Reinforcing Local Government Efficiency" and "Cooperation among Local Governments for Public Service Delivery: International Experiences and Case Studies from Croatia with Recommendations."

Boyan Zahariev is a graduate of the Sofia University from the Department of Eastern Studies. He has also studied International Relations at the Moscow Institute of International Relations. Since 1996 he has worked as expert on various EU-funded projects related to the reform of the social and the education system. In 2004 and 2005 he participated in the implementation of a large EU TACIS funded project for the reform of social services for vulnerable groups in the Russian Federation. He has conducted many training seminars for social and penitentiary workers, police staff, and teachers. For three years he managed the Governance and Public Policies Program of the Open Society Institute–Sofia.

Boyan Zahariev is an associate member of the Russian Union of Social Workers and of the Circa Network of Independent Experts on Social Inclusion, established by the European Commission.

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Wrong Questions, Wrong Responses
Local Strategies without Spatial Analysis
and Community Participation

Katalin Pallai

This volume of studies from Albania, Bulgaria, Croatia, and Hungary is the result of a research project that sought to examine the impact of local development strategies on poor neighborhoods through spatial analysis.

An overwhelming majority of local governments in many post-communist countries, and especially in South Eastern Europe, have designed local development strategies and have passed important policies without any serious analysis of the spatial distribution of residents or their problems. While the spatial segregation of social groups is increasing in post-socialist cities, it is not only strategy and policy planning that have ignored spatial analysis during the last decade; more academic research on the spatial dimensions of processes and the impact of policies on various contexts also has been neglected.

Witnessing this phenomenon made me ask, How could planners ignore spatial analysis? How could anybody think about localities, their plans, or their policies without first looking at a map? In my own experience as a leader of expert teams commissioned to elaborate development strategies for different spatial units, I could never imagine launching the work without looking at maps and spatial distribution of people, assets, conditions, and problems. For all my work, it was important to examine the spatial distribution of the factors impacting quality of life and development potentials, and prepare different layers of maps, each showing the distribution of one or more factors. Reflection on such maps led to discussions on the implications of the specific distributions of endowments and development factors. I could not imagine thinking about urban problems without spatial dimensions. I am still very perplexed that formal spatial assessment of issues often is not part of development planning or policy analysis in South Eastern Europe, and that local strategy documents often are published only with text and tables, without any maps or spatial schemes.

I find this gravely problematic, as population groups, resources, services, and positive and negative assets are never evenly distributed on the territory of a municipality. Neighborhoods with a high concentration of poor and vulnerable groups often have the weakest assets and services, even though public services directly available within neighborhoods are crucial to a healthy and sustainable community for all groups that live there. For vulnerable groups especially, accessibility is seriously limited. Households with limited resources are likely to be disproportionately dependent on neighborhood facilities. In order to open the path to better opportunities for social and economic

advancement, a bundle of public services and resources should be offered within a convenient distance. If just one of the needed services is missing, it can create obstacles to the smooth functioning of daily life, as these groups often do not have the resources to travel beyond the neighborhood and are even less likely to be able to make up for the inadequate supply of local public services by substituting market-based alternatives.

Thus, in real life a very localized supply of public services is a key determinant of effective access by vulnerable groups. Aggregate spending on local education is important, but does not necessarily reveal all access conditions. For example, if the location of a school is not adjusted to the actual spatial location of children, if the school is nearby but behind some barriers to access, then the school is not effectively accessible. And if schools are not effectively accessible for some children, either due to long distances or the security of the roads, some children will drop out. The process not only constrains the opportunities and social mobility of the children living in such an area, but in many cases also leads to the further deterioration of opportunities for groups who are already deprived.

Policies acceptable in their main scheme, or by figures aggregated to the municipal level, easily can leave out some groups from effective access. This often happens without public notice, especially when the groups lack the capacity to represent their interests. Thus, the vulnerability of groups can easily be coupled with constraints created by choices made in the public domain.

When local strategies (i.e., local development, LED, education, environment, etc.) are elaborated without the analysis of spatial clustering of groups, needs, and existing and planned services, there is a high risk that they will fail to factor in area-specific conditions, needs and interests, and policies. The neglect of impact analysis, differentiated for location factors and recipient groups, may produce or reinforce inequalities for individuals, families, and groups.

If public policies ignore the spatial clustering of groups and resources, the decline of some neighborhoods can speed up and threaten adjoining areas with a dense spatial clustering of social problems. For individuals and households, this process results in extreme constraints on any effort to try to break out of poverty; for society at large, it can create enormous tensions that have often led to dramatic forms of social violence.

When we launched this research project, our hypothesis was that strategies and policies, developed without serious spatial assessment, can contribute to the deprivations of vulnerable groups. Our goal was to explore the neglected spatial element, analyze to what extent it is a determinant of deprivation and vulnerability, and show examples of policies that work well in some areas, but contribute to deprivation of certain groups isolated in specific communities within municipalities. It was also our goal to show alternative approaches that have the potential to minimize such mismatches and the consequent social costs.

The cases in this report are the result of our two-year research project. After a call for research proposals, we accepted four cases from Albania, Bulgaria, Croatia, and Hungary. The common element to the cases is that they examine groups suffering from multiple deprivations, and in all cases location plays a determining role in their deprivation. At the same time, there are important differences. For example, each respective country's local government system has strategies that are different in their domain and nature, or the examined groups have different combinations of deprivation factors. Most examined groups have low income and education, in some cases they belong to an ethnic group in minority, and in some to a minority that must confront serious prejudice of the majority. We also look at women in Albania, who are not only poor but live in a traditional community that treats them as members with restricted rights. The characteristics of the groups result in various limitations to leading their lives (poverty, low education, tradition, gender, prejudice, and ethnic composition).

Another common element is that all four studies examine cases where the local governments' decisions either had no positive impact on the living conditions of the examined groups or contributed to the worsening of their opportunities for social and economic advancement. The main goal of the case studies is to show how and why policies produced the wrong results. All researchers attempted to explore the root causes of the problems and to build some alternative policy proposals to treat the causes.

THE CASES

Four case studies make up this book. The studies discuss various sources of vulnerability and deprivation. In two of the cases, Albania and Croatia, the exclusion of the needs and interests of the given group in the planning and policy process is the direct cause of the deprivation. In the other two, Bulgaria and Hungary, a narrow technocratic policy process that can treat only the "average" is to blame.

Vesna Tomasevic examines the local economic development planning process that was implemented in three municipalities in Karlovac County in Croatia in 2003. Before 2003, no major strategic concepts or policy documents had been elaborated by these municipalities that offered a comprehensive map of conditions, needs, interests and groups, or indicated a feasible development path. Within this context, the three local economic development strategies were implemented in the frame of rapid, donor-driven projects that aimed to identify a few key projects that could support economic development in the municipalities. Tomasevic examines the impact of the strategy documents elaborated in this manner. She demonstrates that the interests and needs of many segments of the society were completely neglected in the process, and major problems of the area were left unanswered. She concludes that while it is acceptable for a LED strategy to focus

on potential economic drivers, in absence of a comprehensive concept of the future development and necessary policies of the area, the exclusive focus on these economic drivers can seriously divert attention from social justice and sustainable development. Such a start to planning can also skew resource allocation towards the specific LED projects from the implementation of other necessary objectives. Her recommendation is that, in the absence of a comprehensive development concept and basic policy documents, strategic planning should take a wider framework. Instead of the exclusive focus on economic drivers, a sustainable development path has to be first identified that can balance economic, social, and environmental aspects. Only such a comprehensive approach can find the feasible development path, set dimensions for possible interventions in various domains, and identify priorities among potential projects.

In her study, *Eva Martiri*, explores the opportunities of women in Kamez and Bathore. Both Kamez and Bathore are part of the metropolitan area of Tirana, only a couple of kilometers from the center. While little changes in physical density or structures as we leave the center of Tirana, the social parameters of Kamez and Bathore are drastically different from the average figures in Tirana. In Bathore, families migrating from the north built mostly illegal houses. During the last decade, the settlement, the houses, and the families grew larger, but the proximity of fellow country people helped the community preserve some of its traditional norms. The role of women remained focused on family life—taking care of the children and the house. As a result of cultural and life patterns, women have a lower level of education and limited possibilities for economic and political integration.

Martiri's study demonstrates that the handicap that group culture places on the social integration of women is made worse by decisions made in the public sector. The study shows that while basic public services are available, effective access for women is limited as the possible access routes are often unacceptable for the use of young girls or women. Thus, lack of transport, which results from inadequate resources as well as norms pertaining to women, directly leads to the lack of access to basic local services, and creates insurmountable obstacles for the integration of women from these communities. Martiri recommends two parallel but interdependent streams of action: one is working with the women and the other is improving policymaking. Future work with women's groups should target their integration through awareness raising and community work, and their empowerment should happen by including them as formal stakeholders in the transport policy and other policy planning processes. The actual gender-blind policy environment could be improved, if it were supported with data allowing policy planning for user segments and the inclusion of stakeholders who can express their needs and interests.

The study supports the importance and urgency of fast action by the fact that children under 15 years of age make up 33 percent of these settlements. Thus, the neglect of their

mothers' needs means that important segments of the next generation of Albanians are deprived of opportunities for a better future.

The Hungarian and Bulgarian case studies, unlike the ones on Albania and Croatia, focus on certain locations to explore how these locations can influence the impact of policies and the opportunities of people living there.

Nóra Teller examines four communities in the three Hungarian cities of Budapest, Miskolc, and Tatabánya. These four communities all have the worst reputations within their respective jurisdictions, and vulnerable groups are the majority in their populations.

Teller explores the characteristics of these inhabitant groups in the context of past and present attitudes and interventions of the local governments. The conclusion is that earlier decisions made in the public domain contribute to the lack of access to services and loss of opportunities suffered by the studied groups. Moreover, actual decisions, or nondecisions, also heavily contribute to the deterioration of opportunities of the groups in three of the four communities. The study clearly shows that marginalization, exclusion, and even stronger marginalization make up a process that the majority, with all its resources, bears responsibility for.

Still, only one out of the three local governments has adopted a complex social rehabilitation strategy that aims to improve the lives and opportunities of local inhabitants. The two other local governments offer only a minimal level of public services in these marginalized communities and do not show any willingness to create complex policy packages to provide greater assistance. This nonaction is pushing the communities into further decline. People living in these communities do not even have a slight chance for social integration or mobility. Clearly, where children were born deprives them of the opportunity to make a better life than their parents.

Obviously, the first step to any improvement should be that the local decision-makers acknowledge responsibility for the lives of the people in these communities and put their problems on the policy agenda. As a conclusion to her paper, Teller discusses alternative options for decisions about the future of the communities, and also indicates the needed intervention packages for implementing these options. She argues for the need for complex community-based interventions that respond to the specific needs and constraints of the given community and its inhabitants. In the absence of such complex strategies, the consequences are dreadful: further decline, deteriorating opportunities for the next generations, and increasing social, political, and financial costs.

The chapter written by **Ilko Jordanov and Boyan Zahariev** examines some segregated communities in Bulgaria that are populated mostly by Roma, and where the non-payment of utility bills has produced a much higher share of defaults than in other communities. The initial question of the researchers was: what can the utility companies do to collect the arrears and restore the discipline for paying these bills in the communities?

In order to develop some sound policy recommendations, the researchers examined not only the payment patterns of various segregated and nonsegregated communities, but also the process of the emergence of increasing non-payment in segregated communities. The case study reports on processes that, within the segregated areas, non-payment became endemic. It reveals a complex process of social, economic, and psychological factors leading to groups refusing to pay.

According to the conclusions, multiple deprivations and prejudice led to the segregation of already marginalized groups. As a result, these segregated groups effectively lost most of their links and bridges to other groups within the municipality and, thus, to other segments within the society. This is the loss of the so-called “bridging” social capital. At the same time, they were deprived of effective access to institutions, so they lost their “linking” social capital as well. Only “bonding” social capital remained, strengthening the close internal community links. The study depicts the path from exclusion and segregation to strengthening group solidarity—a solidarity and identity that can easily solidify as opposition to the majority, its values, norms, and interests.

If utility bills appear against such a background, and within conditions of deep poverty where disciplined payment would itself be a huge burden, some cases of non-payment, and the absence of immediate punishment, can trigger a process that gradually “normalizes” non-payment as an accepted (normal) behavior. Through this “normalizing” process, users within the closed community settle into a new way of acting and behaving. If over a sustained time period, the authorities continue to permit the new behavior, it can slowly develop into a new norm, then an attitude, and finally a value. It becomes a pattern of behavior already supported by the evolving group culture.

From the majority’s point of view, this is social disorganization, as it is disobedience to the norms of the majority. The importance of the study is that it explores the genealogy of this alternative culture. Deprivation can lead to disobedience, the severing of bonds to the larger community, and the formation of alternative norms, finally creating a group solidarity based on the need for “revenge.” It shows the impossibility of penetrating this social fabric by mainstream utility payment enforcement techniques as it is not just the utility payments that are at stake. In this more complex social problem, general non-payment is only a symptom.

Compared to the initial question (what should utility companies do?), the researchers arrived at an important conclusion: companies can effectively treat the situation only in the initial phase, when non-payment is sporadic and based on individual events. When non-payment spreads among community members, the problem is not simply non-payment, but a deep and complex social problem. At this point, a serious and complex intervention by the public sector is unavoidable in order to halt further grave consequences. This is a conclusion that authorities may understand, but often seem to refuse to act upon.

RESULTS AND CONCLUSIONS

All local governments have a range of conditions within their territory. Various kinds of assets, needs, and deprivations are situated in a mosaic only characteristic of a given municipality. Confronted with this range of conditions, the same service supply can lead to quite different levels of effective access and outcomes in various parts of the community space. Therefore, different communities need different levels, kinds, or packages of certain services in order to achieve the same outcomes.

This book discusses two types of spatial problems. The studies from Albania and Croatia present cases where the location of certain groups powerfully determines their deprivation from opportunities for a better life. The two studies from Bulgaria and Hungary examine the process of spatial clustering of groups with multiple vulnerabilities, the consequences of such clustering, and the potential approaches to the social integration of such groups. One common conclusion is that it is impossible to understand the situation of these vulnerable groups without spatial analysis. Universal solutions, offered by mainstream policy schemes targeted to an average, do not help the lives of these groups. There is a deep need for exploring and understanding what are the specific constraints to their lives, what are the problems or obstacles that they cannot surmount, and a consonant need to tackle specific problems with complex, community-based strategies or policy packages.

The obstacles discussed in the report are in some cases spatial distances that exclude vulnerable groups from effective access to public services; in other cases the problem is spatial segregation that supports the survival or emergence of alternative norms that lead to further distancing from the majority and stronger exclusion. The cases are excellent examples of how the neglect of spatial analysis of group locations and opportunities has led to mistaken problem statements, and wrong problem statements that have led to the wrong policy responses. The outcome is deteriorating life opportunities for groups that have been vulnerable and deprived from the very beginning.

This report argues that there is a need for a serious spatial component in strategy and policy processes. If we want to control the outcomes, careful study must be directed to answering how groups and their specific problem packages cluster in space, and how the planned policies would affect these issue clusters.

The prudent spatial assessment of conditions and spatial mapping of factors of problems can deepen understanding of the determinants of deprivation. They can lead to more precise problem statements and radical shifts in policy focus. They can also help identify policies to treat inequalities or tailor policies to local conditions.

In all cases, maps of spatial organization and distributions could contribute to change. Maps are powerful tools for analysis and communication, because they summarize data for hundreds, if not thousands of locations in a single-page, visual format that is readily understandable for all (or can be processed to be understandable for all). Maps not only

summarize large sums of data concisely, but also enhance the interpretation of that data by preserving spatial relations among different areas, something much less obvious when data is processed only in tabular format. Maps can reveal what political discourse often neglects or denies. As such they can support democratic public dialogue with evidence accessible for the wider public.

If this is so obvious, why would the neglect of spatial analysis still be a general practice?

Lack of data is not an excuse for the neglect of analysis of policy impacts on various municipal areas and population groups. The studies in this report show that, in most cases, available and collectable information can reveal important policy implications.

Is then weak policy capacity to be blamed?

It seems that indicators of problems and needs on levels aggregated for municipalities or larger geographic areas are often considered good enough proxies of the needs and problems of the community. The absence of spatial analysis can indicate a belief that policies can work if targeted to this aggregate or average level. Where the tacit knowledge or assumption is that such general answers are adequate, it clearly shows weak policy capacity and technocratic bias.

However, technocratic bias is only one potential source of the problem. The cases discussed in this report all explore problems and situations that are not on the official political or policy agenda. These are issues that have never been included in political campaigns or promises. Or, to be more precise, the real issues have never been on the political agenda.

Reasons differ why the right questions could not enter into the policy debate, but there are some similarities. Among the cases there are again two types: in the Croatian and Albanian studies, the formal policy process simply neglects the problem of the long-term unemployed and women in suburbs. They are neglected because they fall out of the average that is the target of policies developed by technocrats with tunnel vision. They are also neglected because their capacity to represent their interests is weak and there is no formal mechanism that would bring their interests to the political debate. The important contribution of these studies is to identify these problems and raise awareness of the costs of not treating them.

The Hungarian and Bulgarian studies belong to the case where the authorities are aware of the problematic nature of the communities and the groups. However, the public and the authorities formulate the problems in a way that does not lead to a solution. The problem for the majority is how these groups “behave,” i.e., how they interact with the formal institutions. There is little interest or understanding of why they behave in this manner. However, without understanding the root causes, values, motivations, or logic behind the behavior, it is practically impossible to change it.

In the Bulgarian case study, and partly in the Hungarian study as well, the disconnectedness is enlarged by ethnic differences—and by strong prejudices toward the

given groups. The ethnic issue heavily impacts the behavior of both sides. It makes it politically difficult or costly to address the problems of a given group within the social environment of the country.

The studies demonstrate that the short-term risk avoidance of decision-makers is not only morally unacceptable, because it involves the basic living conditions of a group of people, but also ineffective, leading to increasing social costs. This second message is one that is rarely recognized or acknowledged.

GENERAL RECOMMENDATIONS

- **Allocate more resources to prudent problem and policy analysis**

The most important conclusion that we can draw from these studies is that wrongly formulated problem statements lead to wrong or inadequate policy responses. In order to find remedies and solutions, the first step is to understand the problem, the causes, and the dynamics, and to reframe the problem statement according to the results.

This is sometimes difficult since a single behavior can be the result of a complex web of relations of multiple problem components. Nevertheless, without adequate problem statements, there is little chance to draft effective policies. The recommendation is to allocate more resources to prudent problem and policy analysis. This can take time and resources. But the good news is that the potential cost of resources allocated to proper analysis of the problem is only a very small fragment of the money wasted on inadequate or completely misplaced intervention attempts.

- **Raise awareness and promote social inclusion**

The studies in this report consider the problems of the chosen localities to a depth uncovered by other studies so far. As such, these studies should be used for awareness raising about specific problems in their own countries. They should inform decision-makers of the multiple weaknesses and vulnerabilities of the groups as well as their suffering.

Calling attention to the problems is only one part of awareness raising. The other is to make the case for social inclusion. The studies should help raise awareness about the importance of giving opportunity to all groups and members of society to fully realize their potential. Through public discussion of the cases, decision-makers should understand that these groups are part of their community. They cannot be left to further decay. Generations can not be written off just because they were born in the “wrong” place.

Finally, for leaders who do not show openness to the moral imperative of social justice and the need for social cohesion, these cases show that they cannot neglect the fate of large segments of their constituencies. They must understand that, in democratic societies, deprivation and exclusion cannot be contained in small areas. Recent cases have demonstrated that the problems live with us, leak out from the “designated areas,” and can also burst into violence. The Paris riots of 2006 are the most famous, but similar less-publicized events also happened in the countries studied.

- **Create and implement integrated community-based approaches**

The last recommendation is the community-based approach. All these groups whose life opportunities have been analyzed in the studies clearly fell through the holes in the social safety net and mainstream public policies. For them, help can come only from a deeper understanding of their problems and possibilities, and from a more or less complex and integrated strategy for improving their opportunities. As the Hungarian and Bulgarian studies demonstrate, different goals can be established, but for the attainment of any goal other than leaving these groups behind, a set of coordinated policies have to be implemented for their specific problems and conditions.

This last conclusion, spelled out in detail only in the Hungarian and Bulgarian cases, is fully pertinent to all other cases as well. For vulnerable groups suffering from multiple deprivations, there is a need for complex and integrated policy packages that respond to specific needs and constraints.

CLOSING WORDS

We live in an era where differences are increasing among groups and people, where diversity is increasing in our societies. The policies of assimilation of the previous regimes do not work and are politically unacceptable. We must understand the facets of diversity in order to manage and serve a diverse community for everyone’s benefit.

The cases illustrate how groups of people can be neglected and deprived by policy-making. Deprivation and neglect are the results of exclusion and a lack of understanding, information, or bias towards certain groups. Exclusion, bias, and lack of information are all prime causes that often lead to incorrect problem statements. Public debate, reflection, and redefinition of the problems are the first steps toward change. Redefinition of the problems can lead to adequate solutions and to a process where diverse groups have an opportunity to participate in society and the decisions that affect their lives.

Transport Services and
Women's Access to Education,
Healthcare, and Employment
in Albania

The Cases of Tirana, Kamez,
and Bathore

Etleva Martiri

Executive Summary

Public transportation services are supposed to contribute to the socioeconomic vitality of communities by removing geographical barriers to employment, increasing access to social services, and reducing the infrastructure cost of transportation. For communities with inadequate basic services, an unreliable transport network, and poor living conditions, a lack of public transportation can be a serious barrier to social and economic opportunity.

In Albania, this barrier has grown due to a decrease in the availability and quality of public transport, continued problems with peripheral development, rapid but uneven growth in the number and use of private cars, and a road network not designed to support the growing volume of traffic.

The cost of transport affects the financial situation of households, particularly those with low incomes. High transport costs can bring about geographical, social, and economic isolation for some communities and have a disproportionate impact upon women and individuals with low incomes in these communities. Most poor women who have jobs are forced to work at low pay close to home because they must walk to work.

In terms of opportunities and benefits, there is an increasing gap between rich and poor, between men and women, and between people living in urban and those living in rural and suburban areas. The socioeconomic situation of women in Albania has not changed dramatically over the past few years. Economic and career opportunities for women are still restricted. Albanian social attitudes tend to relegate women to the bottom of the pecking order, out of public life, and out of management positions.¹

Gender inequalities can be seen in employment, education, healthcare, domestic violence, and public transport services. For women living in communities with inadequate transport services, some of their most basic principles such as equal citizenship and equal opportunities are being violated.

Usually women's transport use and requirements are different from those of men. Responsible for traditional roles like housekeeping and child-rearing, women have to make more trips for educational, healthcare, and other family-welfare purposes. The care of the children and the home is very largely their responsibility and, as a result, so are the journeys and tasks associated with this care.

Women's transport needs are documented insufficiently and have not been addressed in regional and local development strategies. Women, as drivers, users of public transport, and pedestrians, are not given full consideration in the planning and development of transportation facilities. There is not any unit or group of specialists in the central government

or local government body in charge of gender mainstreaming in transportation policy and its plans, implementation, or monitoring.

The results of a survey on public transport in Tirana district conducted by the Network for Open Society in Albania (NOSA) and the Co-Plan Institute for Habitat Development show that male mobility is about twice as high as female mobility. Mobility to areas outside of the geographical area of their residence location is 20.9 percent for men, compared to 6.3 percent for women.²

Kamez is one of the newest municipalities of Albania, located in the northern area of the capital Tirana, seven kilometers from the center. About 33 percent of the total population belongs to the 0–15 age group, while at the national level only 22 percent belong to the 0–15 age group. Residents suffer a lack of physical and social infrastructure and high illiteracy and unemployment rates.

Bathore is an informal settlement located north of the city of Tirana and southeast of Kamez. Bathore is home of approximately 12,000 women and girls over 16 years old, 95 percent of whom are unemployed. Many women still suffer from an archaic but prevailing cultural mentality that considers them inferior and dependent on their husbands and family.

The population of Bathore records a very low level of education and life skills. In addition to inherited unemployment, low socioeconomic levels, extended families, and other problems, the neighborhood is faced with other challenges such as a lack of access to basic services.

The lack of infrastructure has had a negative impact on living conditions in Bathore and Kamez. Most facilities are beyond the boundaries of the administrative area of both Bathore and Kamez. In order to have a normal array of choices in terms of jobs, shops, healthcare, and education, it is necessary to travel beyond these areas, which involves a fairly long walk and an inordinate amount of time and cost.

Other factors may also contribute to limiting the access women have to other services. For example, coupled with the problems of the public transport system (hygiene, crowding, promptness), schools, in particular high schools, are notorious for their poor infrastructure. Lessons are held in two shifts in the morning and afternoon. Female students and teachers living in the suburban districts are often required to walk 20–30 minutes to school on roads that are treacherous. The long distances to school, insufficient street lighting, and power outages that leave classrooms dark in the evenings are cited by young women as reasons for dropping out of school.

In the Tirana region, women and girls account for 38 percent³ of the employed workforce. A larger number of women compared to men are not economically active and do not

see themselves as part of the labor market. More employment opportunities for women would require an effective child-care system as well as appropriate and reliable public transportation.

Women's employment varies by area. The unemployment rate for women living in Bathore is much higher than the rate for women living in Tirana. The major barrier to employment in Bathore is the small number of job opportunities. Transport also remains one of several barriers inhibiting access to employment mainly for women living in outlying areas of Tirana.

A variety of factors block the urban poor's access to healthcare services. For example, services may be located far from the main transport routes, preventing residents from reaching them. Kamez is a place where access to a hospital, including access to obstetric services, requires an efficient transport system.

Policies in the transport services must be shaped by the needs of society in general, and especially the needs of women who disproportionately rely upon these services. Transport should provide adequate accessibility to basic services for women (especially those living in suburban areas), together with safety and security within the constraints of social and financial affordability.

INTRODUCTION

Poverty in Albania has marked spatial and regional dimensions. As defined in the 2000–2001 World Development Report of the World Bank, poverty encompasses aspects of deprivation over and beyond material consumption and includes the psychological pain of being poor, a sense of vulnerability to external events, and powerlessness before the institutions of state and society.

By 2000, close to 40 percent of the Albanian population lived in urban centers. This proportion is expected to rise to 65 percent by 2025.⁴ Modernization of the country has benefited existing urban areas, particularly Tirana. Although urban areas, and especially Tirana, generally receive public investment in infrastructure, a large proportion of the urban population has little or no access to basic services of any quality.

Road infrastructure, the availability of public transport, and access to public services directly affect poverty and are vital to economies. As such, transport must not only support business and trade, but it must promote community cohesion and reduce social exclusion. The issue here is a “deprivation of access to transport.” It can be measured empirically using statistics. But numbers do not tell the whole story. Due to a lack of transport, a great number of people, unlike other members of society, lack the opportunity to be employed, educated, or involved in social life, and to access healthcare and other public services.

Deep socioeconomic changes have taken place in Albania. These changes have brought economic and social pressures, including unemployment, poverty, and emigration. Many segments of society, particularly women, have become vulnerable. They face significant difficulties with administration and public services. In different areas of Albania, women often have almost been cut off from the rest of the country, and alienated from the government administration and public institutions that are supposed to serve them. The participation of women in the decision-making process is still restricted due to pervasive stereotypes and discriminatory practices, some of them archaic. Albania is a male-dominated society. Few women gain decision-making positions in central and local government. Many women have difficulty finding jobs. They are not equal partners in the development of the country. They have difficulty gaining access to services to which they are entitled.

As a result of this economic and social exclusion, a disproportionate number of women live impoverished lives. Poor transport combined with the poor strategic placement and delivery of services (in rural and peripheral areas) often excludes people from jobs and services that the majority take for granted.

Transport services can, however, act as instruments of poverty reduction and support employment and access to healthcare, education, community participation, and other basic services.

FOCUS OF THE STUDY

This chapter reviews existing data and research on the economic and social effects of public transport policies in Albania. It analyzes the existing situation of public transport in the district of Tirana, with particular concentration on the municipalities of Tirana, Kamez, and Bathore, because most of the population of Albania is concentrated in this area. The people of Tirana and its suburban areas are more vulnerable to problems related to public transport than other cities.

The chapter is focused mainly on the impact that public transport has on women's access to employment, healthcare, and education services. The analysis shows that existing public transport policies have a disproportionately detrimental effect on the socioeconomic conditions of women and poor people living in the selected areas.

The chapter begins with a summary of the conditions of road infrastructure and public transport. Next is an analysis of the socioeconomic conditions of the population, linking this to data on demography and mobility. The analysis shows that the cost of transportation affects the finances of local households and exacerbates the larger problem of disproportionately poor access of women and low-income people to employment, healthcare, and education facilities.

A survey and interviews of public transport users were conducted in the Municipality of Kamez to support this conclusion. This matches the results from other surveys conducted in the region by the Institute of Statistics (INSTAT) as well as by the Network of Open Society for Albania (NOSA) and Co-Plan, the Institute for Habitat Development in Tirana.

Changes to central and local government policies can help improve access to employment, healthcare, and education in suburban areas and can contribute to increasing the participation of women in the transportation planning process, which can work toward redirecting public transport services to the needs of citizens, and especially women, and make public transport contribute to social inclusion rather than serve the forces of exclusion.

THE PUBLIC TRANSPORT SYSTEM IN URBAN TIRANA

Public transportation services contribute to the social and economic health of our community by removing geographical barriers to employment and social services opportunities and by reducing the infrastructure cost of transportation.

Inadequate basic services, compounded by an inadequate transportation network limit the improvement and development of living conditions. Since 1990 there has been substantial growth in the number of private cars in Albania. To own a car is a goal for many people, even if it is costly. This leaves the public transport system for those persons

with low incomes. As long as peripheral development, rapid growth in the number and use of cars, an aging road network lacking the capacity to handle the growth in the number of cars, and a low availability and quality of public transport system continue, the problems are bound to become much worse.

In the downtown area of Tirana, social and economic interactions are much more spatially intensive than in suburban areas. Most urban activities have a distinctive daily cycle and the population requires an efficient transport system to perform all daily activities.

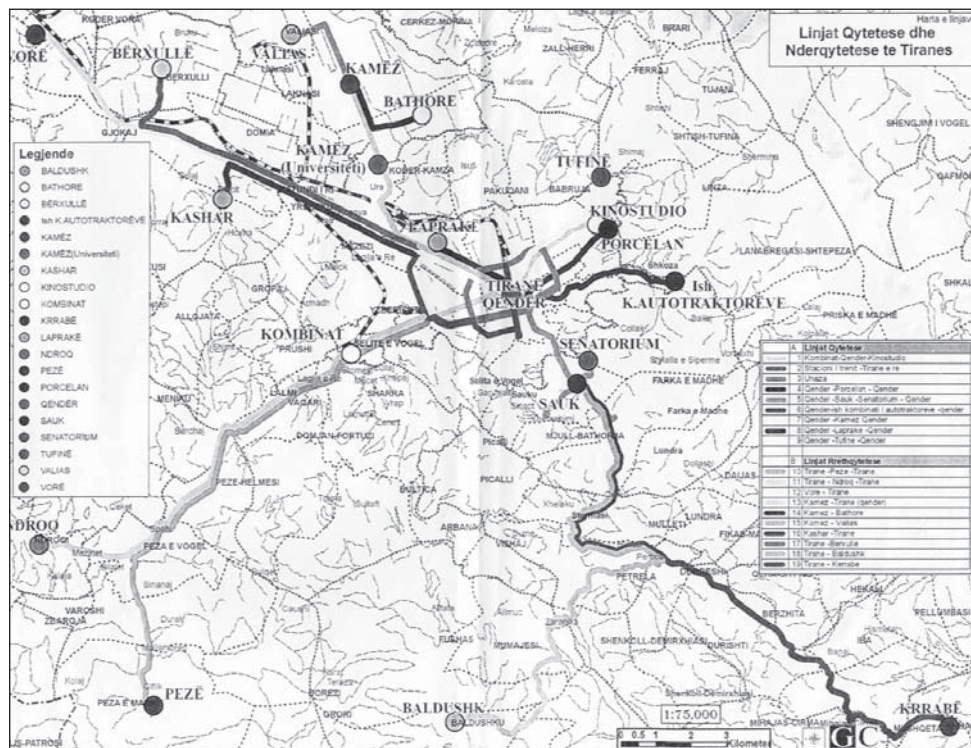
The local public transport service in the Tirana region provides urban and suburban transport services in Tirana. The existing public transport system relies entirely on buses and minibuses. There are ten bus routes used by 93,500⁵ passengers daily (see Figure 1). The city is responsible for providing, organizing, and financing urban transport infrastructure.

City transport in the municipality of Tirana is provided through public and private operators who cover all the lines based on service contracts with the municipal authorities. Under Decision No. 25 of May 16, 2006, the municipality of Tirana has reorganized the transport service network. Table 1 shows the new network in which contractors are obligated to follow approved itineraries.

Table 1.
Itineraries of City Transport in Tirana

Operator	Route	Length (km)	Number of stops	Hours per day	Number of buses on route
PTUU Tirana (Municipal company)	Kinostudio–Kombinat	8.7	13	18	24
Alba Trans (Private company)	St. Treni–Tirana Re-Dogane	5.8	13	16	16
	Qender–Tufine	6.0	9	16	9
Tirana Lines (Private company)	Qender–Kamez	7.0	13	17	16
	Qender Laprake	3.2	5	17	6
Ferlud (Private company)	Unaze	7.4	19	18	44
Tirana Urban Trans (Private company)	Qender–Porcelan	3.2	6	18	10
	Qender–Sauk	8.0	13	18	13
	Qender–U. Traktori	8.0	14	16	10

Figure 1.
City and Intercity Public Transport Lines



Source: Municipality of Tirana.

In addition to the public transport services administered by the Tirana municipality, there is also the Bathore-Zall Herr bus route administered by the Kamez municipality.

One of the most pressing issues of concern for the citizens of Tirana is the problem of public transport vehicles not adhering to their approved schedules. This results in overcrowding, delays, and even theft. The Living Standard Measurement Survey's (LSMS) 2004 INSTAT data shows that 73 percent of Tirana's inhabitants⁶ make the return trip to work or school in less than twenty minutes, while for 25 percent of the sample it takes anywhere from 20 to 60 minutes.⁷

The bus fleet suffers from a glut of old vehicles. The buses running in Tirana are all second-hand vehicles from European Union countries and in a sorry state of repair. Many users consider the vehicles inappropriate, uncomfortable, and unsafe.

Citywide users report problems with the lack of capacity of the buses, especially during peak hours, while intercity users have many problems related to the schedule. Forty-two percent of the interviewees in Tirana say that the public transport buses do not respect their schedules.

Public transport is a service without any publicity or public relations department. No existing maps of the whole bus network can be found. There is no easy access to monthly tickets. No information about the Tirana bus system is provided to clients by phone and at the places where monthly tickets are sold.

PUBLIC TRANSPORT AND THE IMPACT ON POVERTY IN ALBANIA

In general, transport demand is relatively income elastic. Empirical evidence indicates that the income elasticity of total travel expenditures are typically larger, implying that long-term elasticity of total travel expenditures are invariably above the short-term elasticity, in part because of the ability to exercise greater choices (including mode of transport vehicle ownership and relocation) in the long term.⁸

Poor people and women often sacrifice transport from their budgets because they lack the capacity to pay. The cost of transport affects the financial situation of these households with low incomes. This affects social inclusion directly (e.g., the household cannot afford transport costs) and indirectly (e.g., the household reduces its expenditures on food, education, housing, clothes, etc.). The high cost of transport brings about geographical, social, and economic isolation, especially a handicap for women and individuals with low incomes. In addition, the number of children who are too young to travel without adult supervision also needs to be considered.

Table 2.
Household Budget in Albania—Urban Area

Food, beverages, tobacco	Clothes and footwear	Rent, water, electricity	Domestic equipment	Medical care	Transport, communication	Education, entertainment	Personal care	Other expenditures
57.8%	5.3%	6.9%	6.3%	2.6%	7.9%	5.4%	2.3%	5.5%

Source: INSTAT/Living Standard Measurement Survey 2002.

The findings of the 2002 Living Standard Measurement Survey show that urban families spend 7.9 percent of their monthly budget for transportation and communication. The share of the budget spent on travel rises from poorer to richer households, unemployed to employed, and from women to men. Employed people spend 9.3 percent of the household budget for transport and communication, while the unemployed and retired only 5.7 percent.⁹ Taking into consideration all the factors that impact the expenses of a family as well as the level of poverty and the employment within the family, education has a high impact. For example, a worker's employment and wages tend to grow with each year of schooling he or she has completed. Here, expenses for

transportation and communication vary from 3.4 percent for uneducated citizens to 7.2 percent and 7.8 percent for those with primary and general secondary education, as well as 10.7 percent for those who have finished secondary vocational education. Women, who tend to be the most vulnerable members of Albanian society in terms of education and employment, spend less on transportation than men. Different reasons may explain this discrepancy. In Albania, and especially in suburban areas, people's horizons can be very limited, and on the whole, many women, for whatever reason, tend not to go anywhere. In a culture where people have an overwhelmingly local outlook, many people, and particularly women, expect public facilities to be only a short distance away. Women from suburban areas often find it difficult to work or use other facilities far from home. Today, most facilities and employment centers are no longer uniformly located along public transportation corridors. A reasonably available public transport option would ease the cultural and social barriers to accessing public services that are further away than people are accustomed.

According to Population Census of 2001, 97 percent of households had no access to a car (only 17,577 from 726,895 households in Albania did). Even in car-owning households, most family members had no access. This is a real barrier in peripheral settlements where poor households and women lack access to an automobile and thus depend on public transport.

Table 3.

Households in Albania by Number of Members and Car Ownership

	Household by number of members in Albania							Total number of cars
	1	2	3	4	5	6	7+	
Number of cars in Albanian households	316	1,512	3,288	6,204	3,340	1,773	1,144	17,577

Source: INSTAT: Population Census, 2001.

Families or individuals that own private vehicles, devote a considerable amount of income per month in order to cover fuel and maintenance. A study carried out by the Network of Open Society for Albania (NOSA) and Co-Plan about public transport in the Tirana region indicates that the monthly expenses for private transportation is around ALL 10,510, which is seven times higher than a monthly pass for public transportation (bus) (ALL 1,450). However, for lower-income families the expense of transportation poses a burden that impacts their well being. In 2004, the average consumption per capita, calculated with the prices for 2002, was ALL 7,801, whereas the poverty line was ALL 4,891.¹⁰

Fares limit the ability of poor women to use transport. The cost of a one-way ticket within Tirana city is ALL 20 (approximately USD 0.25 in April 2008). It does not cost

so much (compared with average income of urban households per month in the national level that is ALL 37,150 per household and about ALL 9,310 per capita), but extra costs and many trips are the rule for women when it comes to accessing different destinations like markets, schools, healthcare services, and jobs. For example, the existing bus lines within the city are not well integrated. A ticket entitles the holder to one journey on a particular local service provided by a single operator. When a passenger changes lines, he or she must buy a separate ticket. Slowly the costs spiral for each journey for the poorest citizens in Tirana, narrowing their mobility patterns and economic choices.

Given these circumstances, the poorest people are forced primarily to walk. Many reach public services on foot because they are unable to afford anything else. (The 2001 INSTAT household survey shows that 44 percent of the journeys people undertake in Tirana are done on foot.)

Role of Transport Services in Social Exclusion—Women in Albania

Transportation plays a substantial role in producing indirect, negative social and economic effects in society. The role of transport in a complex concept of exclusion may be characterized as follows:

The “income poor” make fewer trips, and most of their trips are undertaken on foot. For most purposes they are restricted to whatever services can be accessed within walking distance, making them “accessibility poor.” Even if the journey to work is not long, it may be very time-consuming, so they are also “time poor.” For the poor, and particularly women, the journey on foot is often deterred because of their vulnerability as pedestrians, which makes them “safety poor” (pedestrian facilities are often non-existent or are blocked by parked cars).¹¹

The NOSA and Co-Plan study¹² indicates that three main motivations encourage citizens’ movement within their local units:

- 1) work purposes (45 percent)
- 2) visiting relatives (32 percent)
- 3) medical and social services (35 percent)
- 4) leisure purposes (33 percent)

According to the 2004 Living Standard Measurement Survey (LSMS),¹³ less than 32 percent of trips to work in urban areas were made by public transport, but this varies significantly by gender and location. Forty-two percent of those persons interviewed go to work on foot, 32 percent use public buses, and the remaining 26 percent use cars or bicycles. People dependent on public transport often rely on it not only to travel to work but also to go to school, obtain medical care, and shop for basic necessities.

With regards to travel for leisure or other reasons, excluding walking, a car is the main means of transport, used by 30 percent of the population, followed by a bicycle or scooter that constitute one-third of the total.¹⁴

Whatever the purpose of an individual's journey, be it education, work, leisure, or other services, the demand for mobility is unbalanced between the ownership and use of vehicles, the street system, and the quality of public transport. In order to secure better transportation, most citizens turn to either personal vehicles, taxis (which are rarely used), or urban transport (used only if a citizen does not own a car). In Albania, car ownership is still relatively rare, with only 13.5 percent of households¹⁵ owning a car and just 0.5 percent of households owning more than one car.

In Tirana, 15 percent of the population owns a private car. Women and persons living on low incomes have significantly lower rates of car ownership and are more often dependent on public transport. According to the 2004 LSMS, 62 percent of the sample were public transport users, while 38 percent of Tirana residents never used public transport services. However, the table compiled from NOSA in 2006 shows that 55.1 percent use the public transport every day. Considering those who use the system many times per week, the number of public transport users is higher.

Table 4.
Public Transport Use in Tirana Region¹⁶

Frequency	Percentage of people using public transport in percent
Every day	55.1
4–5 times per week	13.9
2–3 times per week	16.4
Once a week	6.7
Once every other week	3.7
Very rare	3.9
Other	0.3

Source: NOSA, Public Transport in Tirana, 2006.

Lack of ownership of and access to private automobiles and limited or no access to a limited public transport system result in social exclusion, especially for women. For example, women students from transport-disadvantaged households become socially excluded when schools are located far from their place of residence. Furthermore, traffic management makes roads unsuitable and dangerous for students who walk to and from school. People who cannot afford other transport spend long hours trying to gain access to public services such as education, healthcare, and employment, and have less

capacity to participate in society. Equal citizenship and equal opportunities are being violated by inadequate transport services. This threatens the equality of civil, political, and social rights to which every person is entitled, including the means to exercise these rights effectively.

The issue of transport and accessibility to other services deserves closer attention. Underprivileged families who do not own a car use public transport. However, even middle-class families who own a car are forced to spend time and money for access to work, healthcare, and other facilities, since the ownership of only one car is insufficient for accessing all the services on a given day, especially for women due to pressures on car use.

Travel Patterns and Gender Inequality in Albania

Gender inequality distorts women's access to public services. In Albania, particularly in suburban areas, the home is considered women's primary domain, and they have limited access to public services and opportunities for education, healthcare, and skills enhancement outside it. There also is discrimination in the job market. While job losses may affect men and women, women may find it harder than men to regain employment, due to lack of education and skills, lifecycle issues, and a lack of independent access to capital.¹⁷ Women are entitled to equal pay with men for work of equal value, but in fact wage differentials are stark in the incomes of women and men. At the national level, the average monthly wage for men is ALL 26,041 per month, and for women ALL 17,154 per month.¹⁸ Women's average monthly wage is lower than that of men, especially for employees in the non-agricultural private sector, and this affects women of all ages.

Women's employment is highly concentrated in certain occupations that are often the lowest. Typical women's jobs are in education and healthcare services. For those with low qualification skills, only a small pool of jobs is available like shoemaking, tailoring, etc.

In Albania, men tend to appropriate the most efficient means of transport for themselves. Cars, motorcycles, and bicycles are mainly seen as household assets and resources over which men seek to maintain control. On the other side, stranded on the local level, women struggle every day to overcome the adversity of an inefficient local transport system that seem to be designed only according to the wishes of male wage earners and their journeys to work. The 1995 Labor Code and the 2004 Gender Equality Law provide for equal treatment for women and men; however, women have suffered the most adverse consequences of social transition, emigration, and unemployment.

Based on a study performed by Co-Plan, the Institute for Habitat Development in Tirana, in general, 74.8 percent of interviewed men travel and 40 percent of interviewed women travel.¹⁹ This difference can be explained by inhabitants who live in municipali-

ties like Kamez but who are employed in Tirana, which offers the best employment opportunities (unemployment in Albania effects 21 percent of women and 16 percent of men).²⁰ As a result, 20.9 percent of men travel outside of their local units compared to just 6.3 percent of women.²¹

Many reasons contribute to the difficulty women have in traveling outside their local units and make them unequal in participants in society as citizens, employees, consumers, and community members. The underlying causes for women's inequality remain deeply rooted in society.

By oversimplifying the complex interplay of social, cultural, political, and economic processes as well as the consensus of academic literature on gender, three interrelated variables deserve special mention: patriarchy, poverty, and planning/policy.²²

Women's transport needs are insufficiently documented and are not addressed in regional and local development strategies. Women as drivers, users of public transport, and pedestrians are not given full consideration in the planning and development of transport facilities. There is no unit or group of specialists in the central government or local governments in charge of gender mainstreaming in transport policy and plans, and the implementation and monitoring of strategies.

KAMEZ AND BATHORE AREA—TOO FAR YET TOO CLOSE

The effect of transportation policy on women can be best understood in the context of demographic facts that show how transportation, gender, poverty, and geography intersect. The example from the region of Tirana is illustrated in Figure 2. (See also Appendix 3.)

Table 5.
Administrative Divisions Related to Research Area

Region/prefecture	District	Cities	Number of villages
Tirana	Tirana*	Tirana, Vore, Kamez	155
	Kavaja	Kavaje, Rrogozhine	65

Note: * district of research (Tirana District includes: municipality of Tirana, Vore, Kamez, and 16 communes)

Figure 2.
Tirana–Kamez–Bathore Area

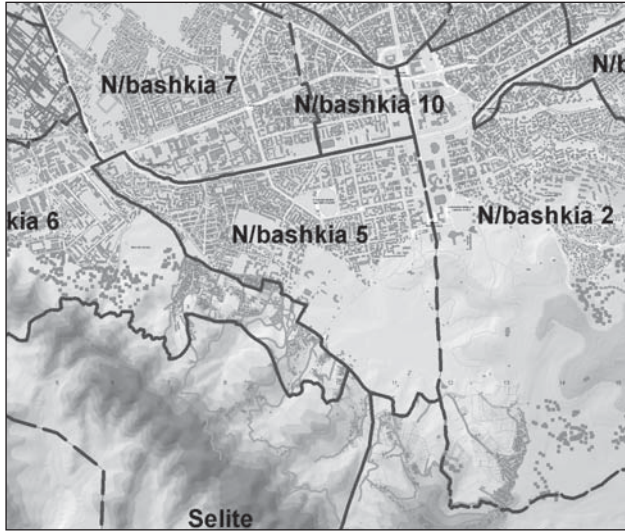


Figure 3.
Map of Tirana Divided into Mini-municipalities



Source: Geo-Consulting, Albania.

Tirana is a city of contrasts. While wealthy population groups have established new activities and businesses enjoy high consumption levels, there is also a large segment of poor and vulnerable people.

According to 2002 LSMS data, 18 percent of the population in the city of Tirana lives in poverty. Poverty and inequalities are visible and vary within the city. Mini-municipalities located in the central part of Tirana (shown in Table 6) have lower poverty and higher consumption levels compared to those mini-municipalities situated in the capital's outskirts.

Table 6.
Poverty and Consumption Levels of Mini-municipalities
Situated in Tirana's Outskirts

Mini-municipalities	Headcount (percent) ²³	Expenditures/capita/month ²⁴
Mini-municipality 5 (central)	11.48	10,424
Mini-municipality 6 (outskirts)	24.76	7,806
Mini-municipality 10 (central)	9.06	10,541
Mini-municipality 11 (outskirts)	30.6	7,115

Source: INSTAT, LSMS 2002.

During the 1990s, internal migration became a major factor influencing demographic changes in Tirana. The population of Tirana grew by 41.1 percent between 1989 and 2001. The movement of the population, which has been and still remains chaotic, has brought about significant changes to the urban-rural population ratio,²⁵ which in turn impacts on a range of socioeconomic issues, including poverty. Most of the newcomers are placed in peripheral-urban areas.

The city of Tirana is surrounded by a number of suburban regions such as: Bregu i Lumit, Selita, Sauku, Koder–Kamez, Kodra e Priftit, etc. The areas north of Tirana, including Koder Kamez, Kamez, Bregu i Lumit, and Bathore are the most problematic in terms of poverty, unemployment, infrastructure, and the lack of social services.

These suburban districts or so-called “secondary cities” established in Tirana during the last 15 years, look more like single-purpose residential dormitories rather than attractive multifaceted areas that can offer job opportunities, education, healthcare, and leisure activities to different age groups and household types. Kamez is one of those secondary cities.

Table 7.
Poverty and Inequality Indicators in Tirana and Kamez Municipality

Municipality	Headcount (percent)	Gini (percent)	Expenditures/capita (ALL/month)
Kamez municipality	27.09	25.76	7,236.27
Tirana municipality	17.84	29.32	9,003.02
Tirana Region	23.44	29.48	8,201.84

Source: Map of Poverty and Inequality in Albania, INSTAT 2004.

Kamez is one of the newest municipalities of Albania, located in the northern area of the capital Tirana, seven kilometers from downtown. The municipality was established in 1996 by the unification of six rural communes and Bathore, the biggest informally developed neighborhood in Tirana. The municipality counts almost 60,000 inhabitants²⁶ (according to the census of 2001, the population of Kamez is 44,443 inhabitants), 10 times higher than 10 years ago. This represents the most dramatic urban growth in the country. (Before 1990, Kamez was a rural area with no more than 7,000 inhabitants.) Most of the new residents of Kamez are informally settled, and the amount of illegal construction is very high. There is only limited public space left and no infrastructure and services are available.

The area within its boundaries amounts to 23 square kilometers, but only 311 hectares are officially designated as urban land. The population has a density of 2,039 inhabitants per square kilometer. Around 33 percent of the total population belongs in to the zero to 15-year-old age group compared to the national average of only 22 percent of the households belong to the zero to 14-year-old age group.²⁷ The most vulnerable in Kamez are extended families with many children, those with low education levels, and families with an unemployed head of household. The average household size is six to seven persons.

The local authorities have very limited resources to deal with complex problems of rapid urbanization. While local residents informally invest the equivalent of several USD million per annum, annual municipal investment has not been more than the equivalent of USD 25,000. Thus people have taken development into their own hands. This has created a lack of physical and social infrastructure, a lack of public land for public purposes, high unemployment, and an increasing rate of illiteracy. Poor and isolated people, especially women, without any service or infrastructure find themselves neglected and ignored.

Bathore is an informal district located north of the city of Tirana and southeast of the city of Kamzes. Bathore is the most marginalized and poverty-stricken suburb of Kamez. It is experiencing irregularities in its social structure in many areas. The population of Bathore is about 30,000 to 40,000 inhabitants; most have migrated from the

northeastern mountains of Albania, an underdeveloped region of the country where infrastructure and social services are practically non-existent.

According to the 2001 INSTAT census data, Bathore is home to approximately 12,000 women and girls over 16 years of age, 95 percent of whom are unemployed. Among them 19 percent have completed secondary school and 60 percent have finished elementary school. Many migrant women have been and still are victims of a male mentality that considers them inferior and dependent on their husbands and family. Taboos and archaic traditions, including elements of the Kanun of Lede Dukagjini retain a strong influence there.²⁸

Around 6,000 families in Bathore live with six to seven family members, and traditional values are guarded fanatically. The number of inhabitants that range from zero to 16 years of age is 6,897.²⁹ Children are increasing in numbers and comprise a growing segment of the population. Children below the age of two account for almost half of the population less than sixteen. About 40 percent of the inhabitants range from three to 10 years of age, and 14 percent of the range from 10 to 16 years of age. The population of Bathore demonstrates a very low level of education and life skills.

Access to Basic Services in Selected Areas

Access to basic services is an essential component of any measure of an adequate standard of living. Wide disparities exist in the quality of physical infrastructure and social service provision, especially in the suburban areas.

The modernization of the country, which in many respects has been triggered by the transition reforms and a recent period of steady economic growth, has benefited urban areas, particularly Tirana. The coverage of basic infrastructure services is nearly universal in central urban areas, but much less so in suburban ones.

The urban areas are not free from problems either. Although in theory access to basic services is available, in many areas the service itself suffers from problems related with quality and access. Families, communities, and even entire settlements can remain without basic services due to neglect, the high cost of products and distribution, a lack of funds, mismanagement, and shortfalls in one service that affect access or benefits from other services.

Essential community services (public transport, healthcare, education, and employment) are provided in inverse proportion to need. In considering the growth of the population and changes in the profile of the population, the ability of essential services to cope with increased demand must be considered in order to ensure access to services for all. Public transport is an important determinant of whether households are sufficiently mobile to take advantage of the job market, as well as a major contributor to healthcare, education, safety, and quality of life.

Most inhabitants of the municipalities of Bathore and Kamez use the bus to perform their daily activities. Based on a survey done by NOSA and Co-Plan in the Tirana region, 66.7 percent of the people use the public bus as a means of transportation to travel within or outside of their local units. Most of them are women.

Most jobs and public services are beyond the boundaries of Bathore and Kamez. Reaching them requires long hikes, transferring buses, and considerable cost.

The only public transport service that is presently offered to citizens of Bathore is the route that runs along the main road Bathore–Zall Herr. This route positively influences the transport of travellers on the main route of Bathore up to Zall Herr; however, it does not solve the problem with accessibility to different public services for the inhabitants of the Bathore settlement. This is conditioned by the levels of poverty in Bathore, in which the cost of obtaining transportation to areas outside of the local district such as the center of Tirane could equal ALL 80 per trip or an average of ALL 6,400 per month per household.³⁰ These expenses consume around 24 percent of a family’s average earnings in Bathore.³¹ In Bathore, women often are unable to afford even the standard bus and minivan fares, so women mostly walk.

Box 1.

Two Women’s Voices about Public Transport

“Access to transport services affects our employment decisions, the composition of our social networks, and the access to education and healthcare services,” says Monda, a resident in Bathore. “My home is not within walking distance of places that can satisfy my needs. I do not own a car, and I do not know how to drive. There is a public bus, but it is always too crowded. The ticket for one trip is only 20 lek; it is not too much. But I have to take the bus to go from Bathore to Kamez. I have to take another bus to go from Kamez to the center of Tirana, and another bus (additional journey) to go to the desired destination. And if I have to do this trip every day, I think that I cannot afford it. And it is too time consuming. If I consider also the conditions of the bus, the hygiene... I will never wish to take the public transport. The journey is not safe and enjoyable.”

“I know that the bus ticket does not cost very much for one trip. But the bus cannot always satisfy my needs. The taxi service is too expensive. We are poor, and in these conditions, the cost of transport is comparatively greater than that paid by wealthier people,” says another resident in Kamez.

Transport is one of many services that local authorities in Tirana have been unable to keep up with due to the overwhelming growth of the city and its population. Local government budgets have been extremely small and their competences limited; their personnel also lack experience and training.

Interviews with citizens of Kamez³² indicate that most citizens would prefer not to travel on the public bus since it is overcrowded. There is no other public bus service that offers any kind of service at such a low price. Depending on the number of buses in service, the number of commuters from the center of Tirana to Kamez varies from 35 to 80 people³³ per bus (during rush hour). Overcrowding not only causes health problems for women and children but also impacts the journey time. Given these circumstances, the citizens turn to unlicensed forms of transportation such as minivans. These offer a faster but an altogether horrible service due to the high speeds, and the lack of hygiene, comfort, and safety.

The informal sector plays an important role in public transport. It provides services that are not available from the regulated operators. Encouraging the growth of the informal sector can directly affect the poor because of the entrepreneurial and income-generating activities that it offers. On the other hand, the informal sector negatively affects tax revenues for the local government, which can be used to develop and provide different public services in a planned way. Due to involvement of uncontrolled and undermaintained vehicles, the informal sector has a negative impact on security of passengers as well

The social institutions of Bathore make it difficult for many women to share crowded public transport with men. Overcrowding on public transport is of significantly greater concern to women than men. Most of the women interviewed report this. Moreover, women are vulnerable to sexual harassment on the public buses. Bus use also is limited by other factors that make journeys more difficult and contribute to women's vulnerability to barriers in the way of their access to other services.

Below are given some of the Kamez citizens' opinions on what they think the barriers in using public transport are:

- lack of transport availability,
- problems with hygiene and travel time,
- overcrowding, and
- reliability of bus services.

City lines are extremely crowded during rush hour and somewhat crowded during off-peak hours. This is caused mainly by traffic jams and buses making undesigned stops. This extends the journey for everyone but can make the journey for women and their dependents uncomfortable. Thirty-five percent of the women who travel on the city lines say that public buses make informal stops outside of the approved bus stops and this increases travel time. Inhabitants of Kamez also report as problematic the absence of more bus stops in the intermediate areas of the Kamez–Tirane route.

Lower Education Attainment in Suburban Areas

*Transport circumstances are not only a reflection of social exclusion but they operate to compound and contribute to further social exclusion.*³⁴

There are large variations in access to education facilities across incomes and place of residence. High school and vocational school attendance rates in the municipalities of Tirana and Kamez are disturbing. The continuation of education beyond elementary school (nine years of age) is affected by families' economic living conditions, the need for additional labor within families, as well as the long distances to school, especially in the case of vocational schools.

Legally there are no barriers to education, but social and economic factors have limited access to education by poor women.

Long walking distances are the main reason for female students not attending school. In Kamez areas, few women appear to consider attending school, working, or using other facilities beyond Bathore or Kamez.

The population living in Bathore neighborhood and poorest areas of Kamez have a lower level of education and this statistic is spatially correlated to the lower number of local school facilities as well as the mentality of parents towards education.

Table 8.
Educational Level of Population in Kamez Municipality

	Educational level in percent				Number of resident population above six years old
	Lower elementary	Lower secondary	Upper secondary	University and post-university	
Total	16.8 %	43.5 %	18.7 %	2.2 %	38,423
Female	17.5 %	45.5 %	15.4 %	1.1 %	18,681

Source: INSTAT—Population Census 2001.

The above data show that more than 60 percent of the population has attended only eight years of compulsory education in Kamez. Nearly 30 percent have completed post-secondary education, while the number of those who have attended university is very low.

Currently, Kamez municipality has one primary school with 1,469 pupils.³⁵ There are around 2,500 children of school age living in Kamez city.³⁶

Bathore has two elementary schools, one high school, and one public kindergarten, all of which are located in the center of the district. Furthermore, a professional school is also present, but it is shared with the area of Kamez.

School students, teachers, and administrators, and especially those in high schools, suffer poor infrastructure, shift classes, and large class sizes (averaging 35). The conditions in schools, including evening lessons without electricity, are the two top reasons women gave for dropping out of school. Dropping out is more prevalent among young women living in suburban districts, where students must walk for 20–30 minutes on treacherous roads. Of the 60 students who left school during the 2006–2007 school year, 38 were women.³⁷ A large number of women are inclined to leave their studies at the age of 13, mainly because of family traditions that oblige women to serve in the home.

Transportation problems were listed as one of the reasons that affect school dropout decisions. Interventions in education must be linked with the interventions in road infrastructure and transport services.

Public Transport and Women's Employment

Economic growth and changes in demography have resulted in planned and unplanned changes in employment patterns, which in turn have consequences for poverty, living conditions, and other socioeconomic determinants of households.

Opportunities for women are still restricted in Albania. Of critical importance are transport policies that are “gender-blind,” i.e., not taking into account the needs of women. Due to poor transport services, women are unable to reach jobs and key services either by traveling or by having those services brought to them.

According to INSTAT, Tirana has 20,152 active enterprises, compared to 51,945 in the rest of the country. Tirana is home to 35 percent of Albania's industrial enterprises, 31 percent of its construction companies, and 40 percent of its commercial outlets.

Only 33 percent of individuals 15 years of age and older currently hold a full-time job, while another 21 percent work on a part-time basis, bringing the total of working people to 53.9 percent of the population in 2001. According to the INSTAT Living Standard Measurement Surveys, 2002, 2003, and 2004, the employment rate remained fairly stable between 2002 and 2004, at a level of about 60 percent.

Women and girls compose 38 percent of the employed workforce in the Tirana region.³⁸ Women, more than men, are economically inactive and therefore do not see themselves as part of the labor market. One of the factors affecting the high percentage is the diversification of the labor market into the household service sector where women take the “reproductive role” of the housewife or homemaker. Women's directly productive labor is economically undervalued compared to men's. Men keep their superior power position within the household hierarchy as the “wage earners” of the households. More employment opportunities for women would require an effective childcare system as well as appropriate and reliable public transportation.

Table 9.
Percentages of Working-age Population as per their Economic Status

Municipality	Activity status (percent)						Working age population
	Employed		Unemployed ³⁹		Not economically active		
	Male	Female	Male	Female	Male	Female	
Tirana	27.8	18.0	6.8	9.2	14.2	24.1	260,198
Kamez	30.9	12.2	10.1	11.2	10.1	25.4	29,478
Albania	29.9	18.1	6.9	7.2	12.4	25.5	2,170,437

Source: INSTAT, Population Census 2001.

Table 10.
Women Unemployment Disaggregated by Group Age

Municipality	Age group					Total
	15–19	20–29	30–44	45–54	55–64	
Tirana	866	7,392	11,431	4,000	168	23,857
Kamez	240	1,455	1,308	270	23	3,296
Albania	11,666	52,172	68,803	21,672	1,095	155,408

Source: INSTAT, Population Census 2001.

The vulnerability of women to barriers to employment is not universal. As mentioned earlier in this report, the unemployment rate of women living in the Bathore area is much higher in comparison to women who live in Tirana. The low demand for jobs in Bathore is the reason. Currently, there are 3,155 citizens seeking employment in Kamez, of which 1,063 are inhabitants of the Bathore neighborhood. Although only five percent of unemployed women are listed as seeking employment in Bathore, their numbers surpass those of the men (568 women, as opposed to 495 men, are seeking employment).⁴⁰ The reason might be that a woman who lives in a peripheral community with a high unemployment rate like Bathore has fewer chances to find jobs due to fewer connections with people who are already employed.

As displayed in Table 11, 104 women seeking employment were presented with opportunities by the Kamez municipality during 2007, and 30 percent of them were residents of the Bathore neighborhood. The occupations that these women received were mainly in the field of “tailoring” and “shoemaking,” and were located near Kamez city and in the city of Tirana.

Table 11.
Jobseeker Employed from Kamez Municipality, January–November 2007

Area	Male	Female
Kamez municipality (Bathore excluded)	25	71
Bathore neighborhood	15	33
Total	40	104

It is hard to include the lack of women's access to transport as the major contributing factor to the area's overall problem of women's unemployment. Nevertheless, it remains one of the barriers women face in gaining employment. Statistics demonstrate that in Bathore area, which contains very low levels of public transport accessibility, the unemployment density is high.

Job Opportunities in Kamez and Tirana

In general, there has been a growing number of employed people in Kamez and Tirana, which is evidence of a good business environment and good job creation. This growth has been accompanied by an increasing entry of women into the wage-earning labor force. As displayed in the below table, in Kamez most of the employed women are 15 to 19 years old (28.3 percent), whereas in the Tirana municipality the most of the women employed (42.1 percent) are 30 to 44 years old.

Table 12.
Employed Women of Tirana and Kamez Municipality Disaggregated by Group Age

Municipality	Employed women by age group (percent)					
	15–19	20–29	30–44	45–54	55–64	65+
Tirana	8.7	20.7	42.1	27.4	0.9	0.1
Kamez	28.3	20.7	18.6	27.6	4.6	0.3
Albania	13.9	21.2	34.9	26.3	3.4	0.3

Source: INSTAT, Population Census 2001.

Although the situation has changed, the problem of unequal distribution of reproductive, unpaid labor is still exacerbated by the fact that women's directly productive labor is economically undervalued compared to men's. But the growth of employment

opportunities has not been sufficient to absorb the expanding labor pool in the suburban areas of Tirana. Women living in peripheral settlements that have limited access to available means of transport are dependent on either walking or on public means of transport. In most cases no public transport service departs from the city of Tirana after 10 or 11 p.m. This prevents women from accessing jobs that require working after these hours (e.g., waitresses, etc.). For example, as shown in Table 5, five out of six bus lines between the center of Tirana and Tirana's suburbs do not operate after 10 or 11 p.m.

There are no transport policies or programs that help women in suburban areas to access employment. More attention has been focused on policies that address other aspects of spatial development, such as development of business space, economic development in particular sectors, and community development. Furthermore, gender issues are still rarely prioritized in transport investments. Unemployed women cannot obtain adequate labor market information. The infrastructure and transport services are one of the factors that affect their accessibility to information and the labor market. Interviews with women from the municipality of Kamez show that most unemployed women tend not to travel outside their residential area. Even when they travel this is mainly to visit relatives and to shop. Household duties and transport difficulties keep them away from employment information and away from training courses required for various jobs. Location and poor access to public transport limits job opportunities and the ability to retain jobs.

Vehicles and access to public transport not only improve job search activities, but also add flexibility beyond work-related trips, so that women can meet other daily needs related to child care, education, shopping, healthcare, etc.

Results of a survey and focus group discussions, performed in Kamez by the author, show that public transport remains one of several barriers inhibiting access to employment, mainly for people living in suburban areas (see the questionnaire in Appendix 1).

Many women try to start a small business (mainly retail trade) near their residences. But even when this is the case, travel to the center of Tirana is a necessity. The majority of women who are involved in small business—retail trade—near their residences, use public transport for business purposes. They travel either every day or several times per week to buy supplies for their shops, which involves a journey to the Tirana's wholesale distributors. Distance from the markets and transport conditions influence the business progress as well as influence meeting other needs.

Box 2.

A Woman's Concerns Regarding Public Transport

I feel tired and stressed from having to travel many times per week on the public transport. It is uncomfortable traveling with the stuff that I buy in the market. Furthermore, the market is located in the city of Tirana, far from the center. I spend a lot of time going and coming back from the market. I can't continue working in this way.

—Interview by author during her survey conducted in Kamez municipality

Figure 4.

Distribution of Economic Zones in Tirana



Source: Tirana municipality.

Women's Access to Healthcare Services in Kamez and Bathore

Socioeconomic conditions such as polluted environments, inadequate housing, absence of mass transportation, lack of educational and employment opportunities and unsafe working conditions are implicated in producing inequitable health outcomes.⁴¹

The right to healthcare is a fundamental principle in many democratic states. Albania's constitution guarantees this right. The Ministry of Health owns and administers all public sector healthcare services through its district directorates, except in the Tirana region, where the Tirana Region Health Authority was established to administer all primary healthcare facilities, including polyclinics and public healthcare institutions.

While access to healthcare services in urban areas might be geographically better than in rural areas, a variety of factors block the urban poor's access to them. For example, services may be far from the main transport routes, preventing residents from reaching nearby healthcare and education facilities.

On the periphery of the Tirana,⁴² access to healthcare services is very limited. There is still no network of healthcare centers capable of responding to the demands of the population. The government made few investments in the healthcare sector or in improving access to healthcare services.

Box 3.

A Service Provider's Opinion on Barriers to Services

The main problems that sick pregnant women face in suburban areas are long distances from the maternity hospital, erratic roads, and a lack of facilities and equipment for the counseling centers.

—Vjollca Tare, director of family planning center at an obstetric gynecological hospital in Tirana

Healthcare facilities also may employ a significant number of people, many of whom will not have a private vehicle. According to the Albanian Public Health Strategy, there is an imbalance in the distribution of healthcare staff across the country. Most doctors and nurses are concentrated in Tirana's hospitals, so there are cases of shortages of general practitioners that affect the the availability of healthcare services for certain population groups, especially women.

In Kamez, there are seven healthcare centers and one polyclinic serving 54,000 people, with a doctor-to-population ratio of 1:3,600

Three healthcare centers with limited space and poor infrastructure are currently located in Bathore. In these healthcare centers, eight doctors and thirteen nurses oversee a population of 40,000 citizens. The doctor-to-population ratio is 1:3,750, where the standard is 1:2,600.⁴³ Healthcare facilities have not received adequate operational funds, and therefore do not have the necessary equipment, sufficient stocks of supplies, or the ability to maintain their facilities. Although public healthcare facilities have been constructed or renovated with donor assistance, the available services are still limited due to the lack of water, electricity, and basic equipment.

In terms of patient care, public healthcare facilities offer a limited scope of services. This is partly due to the lack of necessary equipment and supplies, and partly due to low levels of knowledge and skills of public healthcare practitioners. The difficulty of commuting from Bathore and similar suburban locations to the center of Tirana places people from those communities that require public healthcare services at a disadvantage, because they must rely upon the local facilities where the quality of care is lacking.

Box 4.

A Woman's Report on Accessing Healthcare Services

If I want good health service, I have to go to Tirana. If I were able to get good service here, there would not be the need for long-distance travel. The cost and the time would be reduced.

—Interview by author during her survey conducted in Kamez municipality

Hospitals in Tirana are located far from the suburban areas, and this creates accessibility problems, especially for the high numbers of women and other persons who have no access to automobiles. Solving accessibility problems represents huge costs for communities and government. Women spend money and time to access the hospital services for themselves, their children, and other members of their household. The costs associated with access to healthcare can directly impact the household budget.

Improving the Quality of Public Transport

The improvement of the quality of public transportation is linked with qualitative improvements in infrastructure, meeting the needs of users, particularly women, and facilitating access to healthcare, education, employment, and other services.

Poor communities and women tend to be socially excluded due to transport-related problems. Policymakers in Albania have failed to recognize the link between transporta-

tion and social inclusion for women, particularly the impact of transportation policies on their access to social and economic opportunities like education, healthcare, and income generation.

The results of the survey on public transport in Tirana region carried out by NOSA and Co-Plan show that 83.2 percent of interviewees are interested to increase their usage of public transport to access other services if its quality would be improved. The measures that can be taken to increase the quality of public transport can be seen in Table 13.

Table 13.
Improvement of Public Transport Services

Improvement of transport service	Percent of interview responses
Increase the number of buses	49.2
Provide more comfortable transport vehicles	19.2
Expand service in uncovered areas	9.1
Shorten the distance between two stops	7.6
Better visibility and maintenance of bus stops	3.2
Assign special lanes for public transport vehicles	1.8
Provide cheaper fare services	1.6

Source: Public Transport Survey, NOSA.

Policies in the transport services must be shaped by the needs of society in general as well as the needs of women. Transport can play a leadership role in acting as a catalyst for development or in correcting spatial distortions.

CONCLUSIONS AND RECOMMENDATIONS

The central and local authorities in Albania do not adequately understand the crucial link between public transport policies and access to public services. Local governments concentrate their efforts on solving transport problems in their administrative areas within existing local government budget constraints and existing local transport plans or strategies. Public transport planning has never been integrated with planning in other sectors like education, healthcare, and employment.

Over the last years, significant improvements have been made in employment, education, and healthcare services in areas such as Kamez and Bathore. Despite these efforts, women are still underrepresented in elaborating and implementing local de-

velopment plans. Local authorities have not even assessed whether their facilities fulfill gender requirements in terms of quality and easy access.

In most cases, communities and local authorities are unaware of the benefits and certain restrictions derived from their planning in specific areas. This task is rendered even more difficult when these authorities lack statistical data and other information on the local level that could allow an understanding of the complexity of the problem and demand cooperation of all the actors. We found that there is a lack of disaggregated data (socioeconomic, transportation, etc.) in the Kamez municipality and Bathore neighborhood. The paucity of data makes it difficult to assess the overall impact and progress of public policies.

In suburban areas like Bathore and Kamez, the priority should be on providing better transport and other local services, including education, healthcare, and employment services, that ensure social inclusion.

Local authorities should develop an integrated development plan to ensure the reduction of social exclusion through provision of qualitative public services in the area and an available, affordable, and acceptable public transport system

In the context of preparing and managing their local development plans, local authorities should bring together the providers and beneficiaries of public transport and other services such as community, school, social services, healthcare providers, and businesses.

Furthermore, this report suggests the following recommendations to reduce the cumulative effect of poor public transport on women in Bathore and Kamez and their access to other public services and benefit Tirana's city management.

Transport data—a gender balance policy needs rich data. All data need to be subjected to “gender analysis.”

- There is a need to collect disaggregated data in a systematic way, for example, including transport and access questions in the census, national household budget surveys, or demographic and health surveys.
- In collecting and analyzing data, it is essential to check that the organization chosen to carry out such studies has understood what is desired and ensure the data are up-to-date.
- Shift the focus of transport studies and research from “trips” to people and households.

Recognize the interaction between transportation and social equity

- Interaction between transportation and social equity should be brought to the attention of national and regional policy.
- Improvements in public transport should be mainstreamed and targeted in the social inclusion strategy.
- Give immediate priority to gender equality and wider participation of women in decisions related to public transport.

Empower women and involve them in development of an integrated development strategy

- Encourage the formation of community-based women's organizations and build their capacity to represent their needs in the community planning process.
- Include the priorities of women in integrated local development plans.
- Involve women in initiating and implementing projects that aim to improve their social inclusion.

APPENDIX 1

Questionnaire for Tirana, Kamez, and Bathore

Date of interview (date/month) _____/_____/_____ Gender: Male Female
 Age: _____ quarter: _____ Municipality: _____

Aspects of public transport to assess	Questions for community members	Answers
Access in public transport	Do you move in and out your living area? If yes, please enquire further as to what is the reason and write the answer below:	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Do you use urban public transport? If yes, please indicate for what kind of trip they use it. If the answer is NO, please indicate what kind of transport you use:	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Do you or a member of your family own a car for personal use? If yes, please indicate if they make use of it and for what kind of trips:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Quality of public transport	How would you rate the quality of public transport ? Please, explain the answer below—ask for specific reason for their answers:	<input type="checkbox"/> Good <input type="checkbox"/> Satisfactory <input type="checkbox"/> Not good <input type="checkbox"/> Don't know
	How much does the current service of public transport satisfy your travel needs? Please, explain the answer below:	<input type="checkbox"/> A great deal <input type="checkbox"/> Some <input type="checkbox"/> Little <input type="checkbox"/> None
Impact of public transport in socioeconomic opportunities, employment, education, and healthcare services.	Is public transport beneficial to you? Please elaborate the answer below, specifically in terms of whether it impacts your quality of life and access to other services (education, healthcare, employment):	<input type="checkbox"/> A great deal <input type="checkbox"/> Some <input type="checkbox"/> Little <input type="checkbox"/> None
	Who do you think the existing public transport benefits/ uses more? Please elaborate the answer below:	<input type="checkbox"/> Men <input type="checkbox"/> Women <input type="checkbox"/> Equal to all

APPENDIX 2

Managing the Local and Regional Development Potential

Regional councils have a legal responsibility for planning and coordinating actions of regional interest (regional development plans/strategies). However, the regional councils have yet to fulfill their role effectively due to a limited financial and human resource base and the limited degree to which they have been accepted at both the commune/municipality and national levels.

Several regions have prepared development plans. These were implemented only partially due to a lack of effective partnership between the central and regional levels. The regional development plans were not linked with the national development planning or national budgetary process, and they were therefore considered marginal. The regional development plans have been prepared with the participation of all relevant stakeholders at the national and local level in terms of defining priorities, development of a regional database of indicators, elaborating specific analyses, and establishing a strategic vision for development priorities. The goals defined in the Regional Strategy for Tirana are as follows:

- reduce poverty and improve living conditions,
- establish a quality and inclusive education,
- improve maternal and child healthcare,
- ensure environmental sustainability for all people, and
- establish and strengthen good governance at the local level.

Women's transport needs neither have been sufficiently articulated nor addressed in regional and local development strategies.

Table A2.1.
Reasons for Government to Prioritize Gender Issues in Transport Investment

Tirana regional objectives	Why should government act?	How should government act?
Poverty reduction	<ul style="list-style-type: none"> • The barriers to access to transport service are a cause of poverty for women. • It is an essential link between poor women and the market. • It affects the household budget. • Poor quality transport leads to an inability to access jobs and services. 	<p>Bring transport services to the attention of national and regional development strategy.</p> <p>Transport planning studies should take into consideration women's needs.</p> <p>Set the criteria for pro-women policies.</p> <p>Increase public investment in extending public transportation in urban areas and expanding its provision in public areas.</p> <p>Policies for regulating the informal sector need to be framed with their impact on poor women.</p>
Achieve universal primary education	<ul style="list-style-type: none"> • Long walking distances keep many girls out of school, consigning them to restricted choice. 	<p>Ensure that every school is easily accessed by public transport.</p>
Promote gender equality and empower women	<ul style="list-style-type: none"> • Deprivation in access to public services perpetuates gender inequality and disempowers women • The time spent to accompany children to school, or any other activity, diminishes women's opportunity to engage in productive work 	<p>Prioritize gender equity in the access to public services, including public transport, at the center of a poverty reduction strategy.</p> <p>Support campaigns that give women a greater voice in decision-making in shaping public investment, and household work and expenditures.</p>
Improve maternal care	<ul style="list-style-type: none"> • Access to healthcare services can reduce the risk of maternal mortality (transport is an intermediate service). 	<p>Prioritize the needs of the poorest households in public investment and service provision strategies for infrastructure and public transport.</p>
Ensure environmental sustainability	<ul style="list-style-type: none"> • The increase in private vehicles is followed by an increase in urban air pollution. 	<p>Put in place air quality monitoring program.</p> <p>Develop transport plan that ensures good traffic management.</p>

APPENDIX 3

Administrative and Territorial Division in Albania

The administrative and territorial division of Albania is governed by the Law on the Organization and Function of Local Governments, No. 8652/00, and by the Law on Administrative Territorial Division, No. 8653/00.

The country is divided into 309 communes and 65 municipalities at the first level of local government and 12 regions (counties) as the second level of local government. The large number of first level units is necessary due to the distribution of population in small dwelling centers, the remote terrain, a lack of infrastructure and a low level of communication between such centers. The regions (counties) represent a territorial-administrative unit with an average population 260,605 (in 2004).

The administrative and territorial division of Albania is fragmented. The sizes of rural municipalities (communes) vary considerably. Each has fewer than 10,000 inhabitants, and about half of them have fewer than 5,000 inhabitants. The sizes of the municipalities also vary considerably. Some analysts suggest that while the size of the existing municipalities and communes allows for decentralization, it does not allow for optimal efficiency and effectiveness in the distribution of local services. Local budgets, transfers of funds, and the planning and delivery of services are based upon existing territorial organization. In 2002, a decentralization scheme transferred to local governments authority over infrastructure and public services (including public transport), culture and recreation, local economic development, and civil security.

Local government also carries out shared functions (those in which the local government has some authority by law and, at the same time, other levels of central government also exercise authority) in elementary and secondary education and healthcare.

The progress of decentralization is seriously hampered by fragmentation on the communal level. Small local governments are incapable of undertaking new tasks. They have neither the skilled staff to manage services efficiently nor the resources to finance them.

APPENDIX 4

Some Demographic Data of the Selected Areas

Table A4.1
Population by District

District	Population	Males	Females	Urban areas	Rural areas
Tirana	519,720	260,054 50.1%	259,666 49.9%	352,581 67.8%	167,139 32.2%
Albania	3,069,275	1,530,443 49.9%	1,538,832 50.1%	1,294,196 42.2%	1,775,079 57.8%

Source: INSTAT Population Census 2001.

During the 1990s, Tirana's population grew. Between 1989 and 2001, the city gained about 150,000 people, a 41 percent increase even as the population of Albania declined by 3.6 percent. The movement of people into Tirana has been chaotic and has had an impact on a range of socioeconomic issues, including poverty.

Table A4.2
Population Change, 1989–2001

Area	Population 1989	Population 2001	Total change in population	Percent change
Tirana	368,213	519,720	151,507	41.1
Albania	3,182,417	3,069,275	-113,142	-3.6

Source: INSTAT Population Census, 2001.

Table A4.3
Population Density in Selected Areas

District	Population 2001	Area km ²	Density persons/km ²
Tirana region	519,720	1,229.16	422.82
Tirana municipality	341,453	41.80	8,168.00
Kamez municipality	44,443	21.80	2,039.00
Albania	3,069,275	28,748.00	106.70

Source: INSTAT Population Census, 2001.

Table A4.4
Population Disaggregating by Municipalities of Tirana and Age Group

Municipal/ communes	Age groups			Total
	0-14	15-64	65+	
Tirana district total	138,619	339,764	41,337	519,720
Tirana municipality	81,255	229,027	31,171	341,453
Kamez municipality	14,965	27,621	1,857	44,443
Vore municipality	3,850	7,953	755	12,558

Source: INSTAT Population Census 2001.

Table A4.5
Population of Tirana and Kamez Municipalities

Municipality	Population	Males/ females*100	Percent of 0-14	Percent of 15-64	Percent of 65 +
Tirana	341,453	98.1	23.7	67.0	9.1
Kamez	44,443	106.2	33.7	62.1	4.2
Albania	3,069,275	99.45	22.3	63.2	7.5

Source: INSTAT Population Census 2001.

Table A4.6
Educational Level of the Female Population in Tirana and Kamez Municipalities

Municipality	Educational level				Total
	Lower elementary	Lower secondary	Upper secondary	University & post-university	
Tirane	23,082	38,171	55,970	21,200	158,323
Kamez	3,275	8,504	2,878	284	18,681

Source: INSTAT Population Census 2001.

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- ² These are the findings of the survey conducted by NOSA and Co-Plan with 1,000 households of Tirana’s city and suburban areas.
- ³ Living Standard Measurement Survey (LSMS) (2002) Employment rate—the rate of employed people versus the population of working age.
- ⁴ INSTAT (2001) Population Census.
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- ⁶ The sample for Tirana is around 317 households.
- ⁷ INSTAT LSMS 2004 survey.
- ⁸ Deaton, Angus S. (1985) “The Demand for Personal Travel in Developing Countries.” *Transport Research Record*.
- ⁹ Living Standard Measurement Survey (LSMS) 2002.
- ¹⁰ These are the results of a survey taken by 2,908 interviewees who are users of urban transportation and by 925 interviewees who are vehicle owners.
- ¹¹ Urban transport and poverty reduction, World Bank, August 2002.
- ¹² The survey has been conducted in 2,000 households in Tirana region.
- ¹³ LSMS 2004 took approximately half of the households interviewed in 2002 at the national level.
- ¹⁴ LSMS 2004 include a questionnaire focused on quality of public transport services that was not interested in local transport but in transport between the community and more distant areas.
- ¹⁵ INSTAT 2004. The APS 2004 collected information on 1,797 valid observations of households and 7,496 of individuals at the national level. (In 2001, only three percent of households owned a car.)

- ¹⁶ The distribution of those interviewees who use public transport in the survey focused on the quality of public transport
- ¹⁷ UNDP NHDR 2005
- ¹⁸ INSTAT (2005) Women and Men in Albania.
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- ²⁰ Albania Gender Profile. Available online: <http://www.ifad.org>
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- ²² Dieke Peters (2001) "Gender and Transport in Less Developed Countries." Paper for the Expert Workshop Gender Perspectives for Earth Summit 2002: Energy, Transport, Information for Decision-making. Berlin. January 10–12.
- ²³ Percentage of population with consumption level below the poverty line.
- ²⁴ In 2004, average consumption per capita calculated based on 2002 prices is ALL 7,801. The poverty line is calculated based on 2002 prices or ALL 4,891 (LSMS 2004).
- ²⁵ According to INSTAT Population Census 2001, population of Tirana is 519,720, where 67.8 percent of the population live in urban areas.
- ²⁶ Bathore Administrative unit.
- ²⁷ INSTAT (2001) Population Census.
- ²⁸ The Kanun is a set of laws developed by Leke Dukagjini and has been mostly used in northern Albania from the 15th century until the 20th century. The rules evolved over time as a way to bring laws and order. The code was divided into several sections: church, family, honor, damages, spoken word, etc. Some of the most infamous rules specified how murder was supposed to be handled and it often led to blood feuds.
- ²⁹ Administrative unit, Bathore 2007.
- ³⁰ On average it is proposed that four family members use the offered services 20 days per month.
- ³¹ According to INSTAT LSMS 2002, average income per household in Bathore is ALL 27,000 per month.
- ³² These are the results of a survey carried out by the author while doing the research.
- ³³ Interview with bus conductors.
- ³⁴ M. S. Grieco (2003) "Transport and Social Exclusion: New Policy Grounds, New Policy Options." Paper presented at International Conference on Travel Behavior Research, Lucerne. August.
- ³⁵ Tirana Regional Education Directory.
- ³⁶ There are five kindergartens, six primary schools, and two secondary schools in Kamez settlements including Kamez, Bulcesh, Bathore, Zall Mner, Laknas, and Valias.
- ³⁷ Tirana Regional Education Directory.

- ³⁸ UNDP, Tirana Regional Development Strategy.
- ³⁹ Unemployed are people in the working age who are seeking jobs.
- ⁴⁰ Employment Office, Kamez Municipality.
- ⁴¹ Civil Rights Project at Harvard & Center for Community Change, p. 24.
- ⁴² The region of Tirana includes two districts, Tirana and Kavaja, consisting of five municipalities and 24 communes. The district of Tirana includes three municipalities (Tirana, Kamez, and Vore) and 16 communes.
- ⁴³ Regional Directory of Health, Tirana.

Geography of Exclusion, Space for Inclusion

Non-payment of Electricity Bills
in Roma Neighborhoods in Bulgaria

Boyan Zahariev and Ilko Jordanov

Executive Summary

Many Roma living in areas of Bulgaria fail to pay their electric bills. This failure to pay for electricity appears primarily in segregated urban Roma communities, but not necessarily the poorest; it is often combined with a failure to pay for water, garbage collection, and other services. The causes of the failure to pay for electricity are economic, psychological, and social. Some Roma cannot pay, because they have earned insufficient income or received insufficient social welfare money. Some Roma do not pay because they have not developed the skills to manage their money in a rational way and use their available cash to pay, for example, for stylish clothes and other nonessentials. Some Roma do not pay because they simply refuse to pay, sometimes when they know that many of their neighbors are also refusing to pay. Some Roma do not pay because their electricity lines have been tapped by neighbors who steal electricity and run up their bills. Some Roma do not pay because they believe they are being unfairly overcharged by the electrical utility company or by corrupt employees of the utility company.

In many areas, the failure of so many Roma individuals to pay their electric bills is so widespread that it escalates into a community problem, and not simply a problem of a private company seeking payment for the power it has provided to individual customers. The electrical utility has responded in a variety of ineffective ways to the failure of many Roma to pay their bills. For example, the utility company has sent collectors to obtain the payment, but in many instances collectors have been harassed or worse. The utility company has shut off electricity to individual customers, but this has led Roma to reconnect their residences, bypassing electric meters. The company has placed electric meters high on utility poles, but this has generated assertions that the practice “stigmatizes” the Roma. The utility has shut off electricity to clusters of residences, without distinguishing between those residents who pay their bills and those who fail to pay. Local governments and the Bulgarian central government have tended to treat the problem between the electrical utility company and its customers.

The problem is embedded in legacy of unsolved issues like urban decay, poor housing, bad infrastructure, low levels of education, unemployment, and discrimination. It creates stress in the Roma community. It turns Roma neighbors against each other. It turns the Roma against the electrical utility company.

Electricity supply companies need instruments they can use to address this complex societal issue, but the root causes of widespread failure to pay electric bills involve issues that a company cannot address alone. The solution lies in the involvement of a large variety of stakeholders. It requires analysis of the situation, capacity building, anti-poverty meas-

ures aimed at vulnerable groups, confidence building measures, including local partnership between Roma leaders and representatives from the electric utility companies and the local administration to monitor the quality of services supplied and quality standards of electricity supply, the transfer social benefits for energy bills directly from the government to the electricity companies, improved social services and policing, programs for household budget-management training, and a wide variety of other approaches.

INTRODUCTION

This chapter analyzes the issue of uncollected electricity bills in three different predominantly Roma-populated settlements in Bulgaria. The Roma in these areas are segregated from the majority population. Failure to pay electric bills is the rule, not the exception. However, the problem of uncollected electricity bills is a function of exclusion, in combination with pressures from the larger society outside the neighborhood that reinforce old patterns of community life. This creates distress in the community and triggers the mechanism of group solidarity, whereby the non-payment of bills becomes a community problem and not just a personal contractual issue. This can explain why non-payment exists only in some communities, which live, by and large, in segregated urban neighborhoods but are not necessarily the poorest ones.

Our research has concluded that the non-payment of utility bills is not only a problem of corporate governance and good risk management. It is also a problem of poverty, economic and social decay, and the overall condition of communities where uncollected bills are a warning sign for existing or emerging social and economic ills. Issues related to billing for utility services arise at the complex interface between corporate interests, infrastructure and technology, and individuals and communities living under social and economic pressure.

Electricity supply companies need instruments they can use to address this complex social issue. The solution lies in the involvement of a large variety of stakeholders. The problem is embedded in legacy of unsolved issues like urban decay, poor housing, bad

Figure 1.
House Connected to the Electricity Grid, Lagera Roma Neighborhood,
Simeonovgrad



infrastructure, low levels of education, unemployment, and discrimination. Since we cannot suggest solutions to all these issues, we will treat most of them as factors increasing the risk of financial default. In the framework of our analysis we will look closely at situational factors, the bulk of which are behavioral and stem from a theory of default and insolvency widely used in the banking and financial sectors for credit-risk analysis. The mechanisms arise from contradicting individualistic interests that may cohere around a shared interest and common action. A framework of good governance and business prudence usually is enough for a utility company to address most commercial risks related to transactions with insolvent clients. But this tool kit does not equip the utility company for action against collective non-payment, exactly because its root causes are broader and involve issues that a company cannot address alone. Indeed, non-payment on a community-wide scale can fuel social disorganization and can be considered as an early indicator of future social disorganization. This phenomenon can be equally prevalent in majority or minority communities so long as they are poor, isolated, underprivileged, and without access to equal opportunities and public services.

BACKGROUND: *WHAT IS THE PROBLEM?*

Methodological Notes and Limitations

The present research contains data on current energy consumption and payment of electricity bills of 11,368 households in three municipalities in the region of Kjustendil, South West Planning Region of Bulgaria. Our sample of households spreads over five settlements and includes three cities—Kjustendil (regional center), Dupnitsa (large community center), and Sapareva Banja (smaller community center)—as well as two villages, Krajnitsi (larger) and Konjavo (smaller). The different types of settlements guarantee a good measure of spatial and social diversity. Our initial hypothesis was that the place of residence, the type of settlement, various social factors, and community composition were strong factors in customers' relations with the local electricity supply companies.

The research examined additional internal divisions within the areas described above. Thus, it comprises 11 neighborhoods, nine of which are inhabited by different concentrated homogeneous Roma groups or by a mixed Bulgarian and Roma population. In addition, two major neighborhoods—Razvesena Varba in the town of Dupnitsa and Buzludja in the town of Kjustendil—populated by non-Roma citizens were chosen as a control group for patterns of behavior by consumers. The observed vulnerable groups of Roma are concentrated in six neighborhoods—five in Dupnitsa and one in Kjustendil.

The city of Sapareva Banja serves as a second control group. There, the Roma population lives dispersed among the other citizens without forming any spatially segregated and socially isolated ethnic community. Both the villages of Konjavo and Krajnitsi, inhabited

by Bulgarians and smaller groups of Roma, allow an examination of rural patterns in electricity consumption and important comparisons between towns and villages.

Since digital maps were unavailable for smaller settlements, the results of statistical analyses were mapped only for the towns of Kjustendil and Dupnitsa. Additionally, since the dynamics of uncontrolled expansion of neighborhoods is an ongoing phenomenon, the maps for Kjustendil¹ had to be updated by sketching new areas occupied by Roma.

Fieldwork was made to investigate the factors for utility bill defaults and arrears and the threats of social disorder. It included in-depth and semi-structured interviews, focus-group discussions, desk research and secondary data analyses, field observations, brainstorming with experts, and monitoring of stakeholder activities.

Since the Personal Data Protection Act has been adopted in Bulgaria, research became much tougher and required careful planning. In view of the fact that the research inevitably comprised personal and business data collected on consumer behavior in thousands of households, a special procedure of coding the data to protect confidential information was applied.

We refer to 11,368 electricity consumers, for which we have data as households, although they may not always correspond exactly to the households as defined in the National Household Surveys (NHS). An electricity consumption unit with a separate billing account may in some cases include more than one household in the terms of the NHS and our survey definition differs somewhat.

The electricity supply company's data contains records that refer only to electricity consumption. A typical record contains the name of the person who holds the billing account, his or her address, information on whether an electric meter is installed on site, information on the size and dates of arrears, and information on the dates of payment of all electricity bills. Therefore, we lack information on conditions in the units of analysis (i.e., households defined as billable units of electricity consumption), apart from the usual records kept by the electricity supplier.

The data set does not contain any social, demographic, or other information about the household. Such information is available for the households in Dupnitsa in the same neighborhood. It is based on a representative survey conducted by nongovernmental organizations in the Roma neighborhoods of Dupnitsa and Kjustendil.² However, data from these surveys cannot be consolidated with the data from the electricity company's records. Very different conventions for recording addresses have been used in each survey a comparison is unlikely, if not futile, yielding an unrepresentative sample with a small number of cases that does not allow reliable generalization. The only option was to construct some descriptive statistics, including simple indicators and aggregates at the neighborhood level, done with different data sets and produced within a period of two years. Then the spatial co-occurrence of certain household characteristics could be observed. These primitive (fast track) analytical tools are enough to point to some

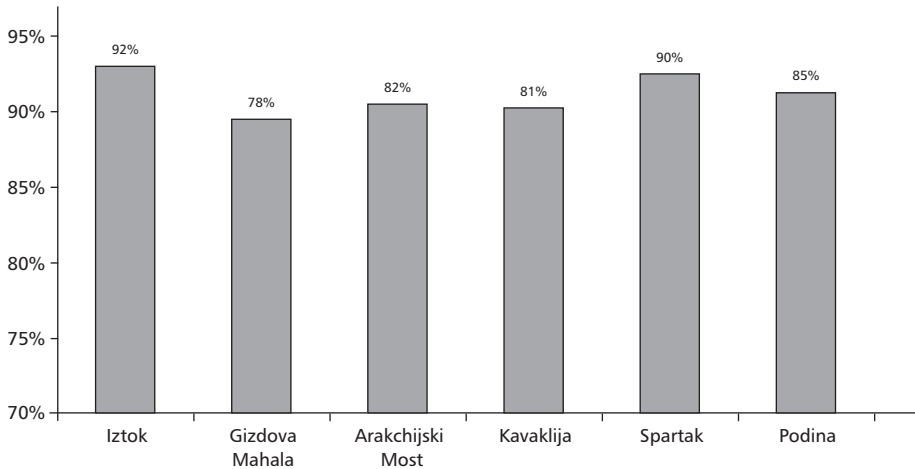
revealing phenomena and elaborate some preliminary hypotheses, even with this imperfect data.

Electricity Supply and Electricity Payment Defaults—General Issues

Access to electricity as part of the basic package of public services is among the major urban indicators describing overall community development. According to the official national statistics there are few, if any, spots in Bulgaria where the population does not have access to electricity services.

However, since the end of the totalitarian system in 1989, the transition towards democracy began across Bulgaria. A new urban model of isolated “islands in the dark” became visible. In the beginning of 2005, several qualitative and quantitative researches carried out by the Expert Analyses Group and the Open Society Foundation–Sofia, within the framework of a diversity management project, revealed a growing number of people, belonging predominantly to Roma minority groups, without effective access to the electricity distribution network. The data gathered for Kjustendil and Dupnitza showed that about eight percent of the Roma in Kjustendil and almost 17 percent of the Roma in Dupnitza were living in dwellings without electricity.

Figure 2.
Relative Share of Roma Households' Access to Electricity



Sources: CEZ–Kjustendil, Survey on Social and Economic Status of Roma in Kjustendil Region, Open Society Institute–Sofia, December 2005; Survey on Social and Economic Status of Roma Community in Dupnitza, Partnori Dupnitza, Municipality of Dupnitza, Open Society Institute–Sofia, May 2006; authors' own calculations.

In recent years, the distribution of electricity and electricity consumption patterns in Roma neighborhoods have become acute challenges related not only with the way of life of the inhabitants, but also with the emerging social phenomenon of “slumification” of the bordering neighborhoods and local communities as a whole. Therefore, the distribution of electricity and other public utilities requires facing the challenges presented by newly privatized businesses operating in an unstable regulatory environment but also social and political problems.

So the main issue is how can basic services be provided to the members of poor neighborhoods during a time of economic transition, with quickly liberalized markets and a government struggling to meet its commitments in a decentralized political environment.

Figure 3.

Alongside the Old Electricity Grid, Rakovski Roma Neighborhood,
Town of Rakovski, Region of Plovdiv



The significance of the non-payment of electricity bills can also be shown through its impact on the cost of electricity and primary energy sources, market competitiveness, and environmental protection. The issue of energy efficiency is part of the national security strategy for the diversification of the country's energy supplies. According to the NSI statistical data, Bulgaria imported almost half of its primary energy sources (46 percent) in 2004.

*Box 1.***Energy Strategy of Bulgaria**

The Bulgarian economy cannot be competitive while it continues to consume 10 times more energy than economies in Western Europe and two to three times more than the Central European economies. Even more alarming is the fact that while in all other countries a sustainable downward trend can be observed, the Bulgarian economy continues hovering around the highest values...

In recent years, as a result of increasing concerns about the unfavorable energy balance of the average Bulgarian household, whose total energy consumption is up to three times higher than that of a household in Romania,³ Slovakia, or Lithuania, the Bulgarian government adopted a national energy strategy. Although the issues related to electricity arrears and losses of electricity distribution companies are not well elaborated in Bulgaria's energy strategy, there are three major proactive measures in the document more or less related to making private end-user consumption more efficient:

- 1) Promote investments in energy efficiency at the level of end users.
- 2) Improve the efficiency of energy transformation processes, promote cogeneration and reduction in losses.
- 3) Provide support, including government guarantees, for demand-side management projects with a significant social effect.

Figure 4.

Electricity Landscape of Iztok Neighborhood, Kjustendil



The government could have included an effort to solve the problem of non-payment of electricity bills in the above-mentioned priorities but refrained from addressing this issue directly. At this stage it seems that local communities, private companies, and residents are expected to find the solutions on their own, without purposeful and systematic support from the central government. Indeed, after the privatization of Bulgaria's utility companies, the government has been reluctant to get involved in controversies and disputes between consumers and suppliers. The underlying argument is that legally the state is not party to the problem so it need not take sides or be involved. The government thus tries to transfer as much responsibility as possible to private agents and, if it assumes any role at all, it is the role of an external observer and mediator. Partisan politics have exacerbated the problem. Just before elections candidates for office have promised inhabitants of neighborhoods with large arrears in electricity bills that they would be written off or that payment would be postponed. Such promises only made the problem worse.

Description of Roma Neighborhoods and Settlements

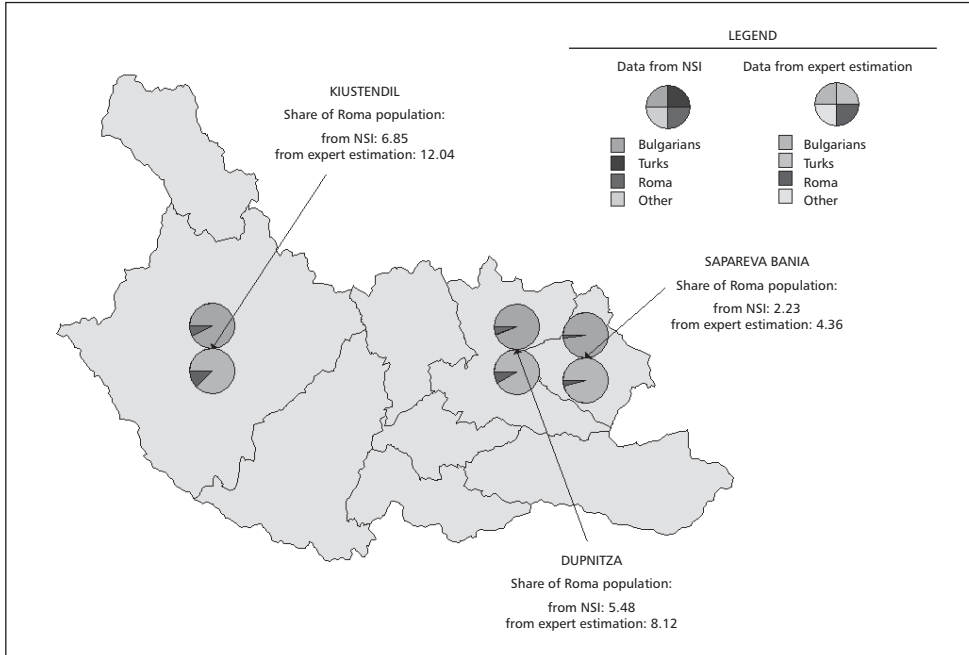
Table 1 and Figure 4 give some numeric and geographic data on the three municipalities and the Roma settlements and neighborhoods included in the research and are followed by a description of the areas.

Table 1.
Place of Residence and Number of Surveyed Households

Place of residence	Municipality of										
	Dupnitsa						Kjustendil			Sapareva Banja	
	Town of Dupnitsa						Village of Krajnitzi	Town of Kjustendil	Village of Konjavo	Town of Sapareva Banja	
Neighborhoods surveyed	Kavaklija (Roma)	Spartak	Gizdova mahala	Podina	Arakchijiski most	Razvesena varba	Krajnitzi	Iztok	Buzludja	Konjavo	Sapareva Banja
Number of surveyed households	165	1,330	324	688	535	242	1,458	1,730	2,254	815	1,827

As a rule, urban Roma neighborhoods in Bulgaria are pockets of poverty. There are no other areas of comparable size where so many poor people are concentrated. It is in these deprived urban or semi-urban areas that a wide variety of social problems, including non-payment of utility bills, most often appear.

Figure 5.
Official Data and Expert Estimates about the Ratio of Roma
in the Observed Municipalities



Town of Kjustendil

Iztok Roma Neighborhood

The town of Kjustendil is a classical illustration of segregation. A large majority of the Roma population lives in the Roma-only neighborhood *Iztok*, situated about three kilometers away from most of the administrative bodies situated in the city center. Only two of its 1,700 households are not Roma. Before the collapse of the communist system, practically all of Kjustendil's Roma wage-earners—who belong to the Yerlii group—worked in state-owned factories. Today, many inhabitants of *Iztok* have not seen any cash for months. They receive support from social security funds via debit cards kept by creditors—money lenders—owners of food stores and pharmacies, who sell their goods at twice the normal price. Every fourth household is of the Adventist faith.

Figure 6.
Children in the Iztok Neighborhood, Kjustendil



Town of Dupnitsa

The town of Dupnitsa displays a very different pattern of segregation. The Roma population of Dupnitsa is concentrated in five neighborhoods.

The Roma-populated Kavaklija neighborhood in Dupnitsa is situated 1.7 kilometers from the center of town and is inhabited by 165 “Turkish Roma” families. There is only one electricity distribution point in the whole neighborhood. Urban sprawl and potable water are also issues in this neighborhood.

Figure 7.
New Houses Built without Permission from Regulatory Authorities,
Kavaklija Neighborhood, Dupnitsa



Arakchijski Most is a mixed neighborhood of 248 Roma households and approximately the same number of Bulgarian households about 2.5 kilometers from Dupnitsa. The Roma residents typically consider themselves to be better educated than Roma in other parts of Dupnitsa. Most of the Roma in Arakchijski Most are converts from Islam to Protestantism.

Figure 8.

Araktchijski Bridge, the Spatial Border between the Neighborhood and the Town of Dupnitsa



Gizdova Mahala, located about 1.4 kilometers from the center of Dupnitsa, is inhabited by approximately 1,600 Roma living in 324 households. It is the poorest neighborhood in Dupnitsa. Some of the reasons for this can be found in the late 1970s when a small number of Roma workers moved from Iztok (Kjustendil) to work in Dupnitsa's factories. They began building new houses without official permission. The local authorities ignored the illegal construction, and today many illegal sheds are completely outside the regulated town planning area. This characteristic of "newcomers" is essential for understanding the inner cleavages of Roma communities in Dupnitsa.

Podina is a mixed neighborhood about one kilometer from the center of Dupnitsa. It has 10 percent "Bulgarian" Roma and 90 percent Bulgarians. The Roma, who account for about 70 households, held regular jobs during communism when the region enjoyed industrial growth. After the economic collapse, many Roma became jobless like other industrial workers.

The **Spartak neighborhood** (also called Gorna Mahala) comprises several streets located about 1.3 kilometers from the city center. Its population is 89 percent Bulgarian

and 11 percent Roma. The Roma account for some 150 households and identify themselves as Christians (“Bulgarian” Roma). The neighborhood is among the quarters of the city that are in relatively good condition in terms of infrastructure and standard of living. Many Roma families maintain their own enterprises in construction or fur clothing. The economic crisis and competitive pressure shut down some smaller factories.

Figure 9.

Improvised Kitchen without Electricity, Dupnitza



Town of Sapareva Banja

In **Sapareva Banja**, Roma number about 400 individuals and account for about 10 percent of the population. Their households are not clustered in segregated neighborhoods, nor is there any other distinct pattern of cohabitation.

The **Razvesena Varba** neighborhood in Dupnitza and the **Buzludja** neighborhood in Kjustendil, as well as the village of **Krajnitsi** (Municipality of Dupnitza) and the village of **Konjavo** (Municipality of Kjustendil) have been taken as two control groups: The first—comprising only non-Roma households—and the second—covering two villages with a mixed population. Both control groups have the same patterns of payment of electricity bills with the slight exception of **Razvesena Varba**.⁴

Figure 10.

Distances from the Surveyed Roma Neighborhoods to the City Center—Dupnitsa

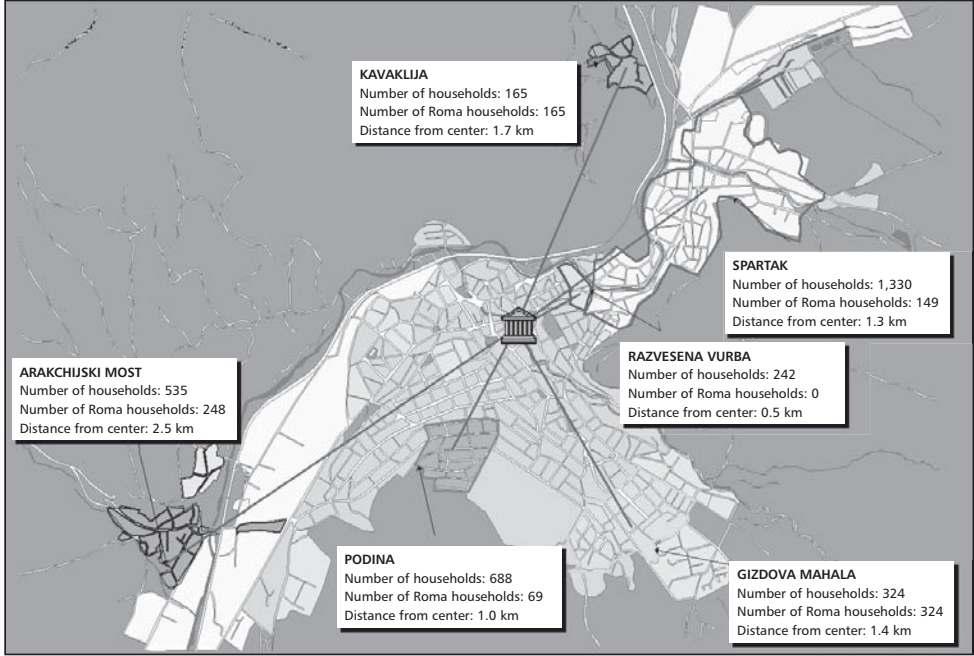


Figure 11.

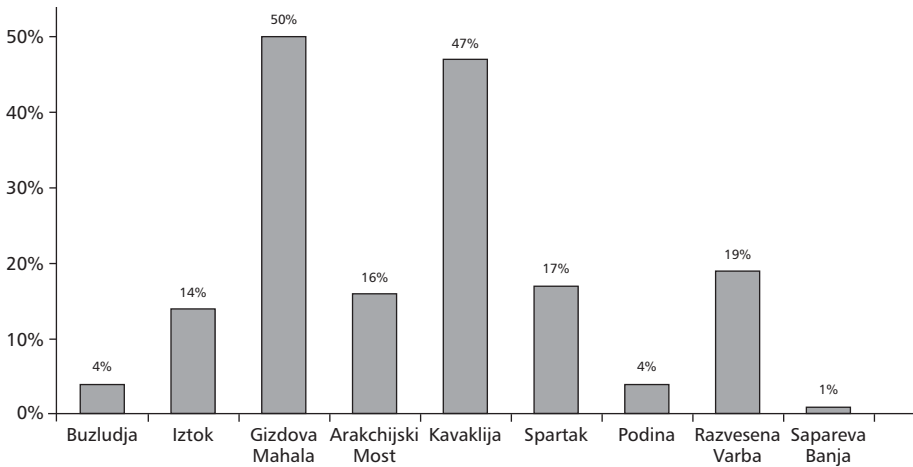
Distances from the Surveyed Roma Neighborhoods to the City Center—Kjustendil



Non-payment of Electricity Bills—Facts and Figures

The number of non-payers in some of the surveyed neighborhoods has already reached substantial levels. A closer look at the data per neighborhood reveals that in two Dupnitza neighborhoods the percentage of the non-payers has already become a major problem—approximately half of hundreds of clients have stopped paying their electricity bills for months.

Figure 12.
Relative Share of Non-paying Households



Source: CEZ—Kjustendil.

From Figure 13 it is evident that the share of non-paying households in Dupnitza is high. Specifically, the electricity company's problem has become a community-wide problem and cannot be addressed as a personal issue between the company and its individual customers. In two of the observed neighborhoods the ratio of non-payers to regular payers is roughly one to one.

According to the official data, on average, 17 percent of the households surveyed in the poorest neighborhoods of Dupnitsa lack access to the electricity grid.

Figure 13 clearly shows that most households in Dupnitza with significant outstanding bills live in the Gizdova Mahala, Kavalkija, and Spartak neighborhoods. In Gizdova Mahala and Kavalkija neighborhoods more than half of the households have outstanding bills for more than BGN 500. The same holds for slightly less than half of the households in the Spartak neighborhoods.

Figure 13.
Payers and Non-payers in the Observed Neighborhoods in Dupnitza

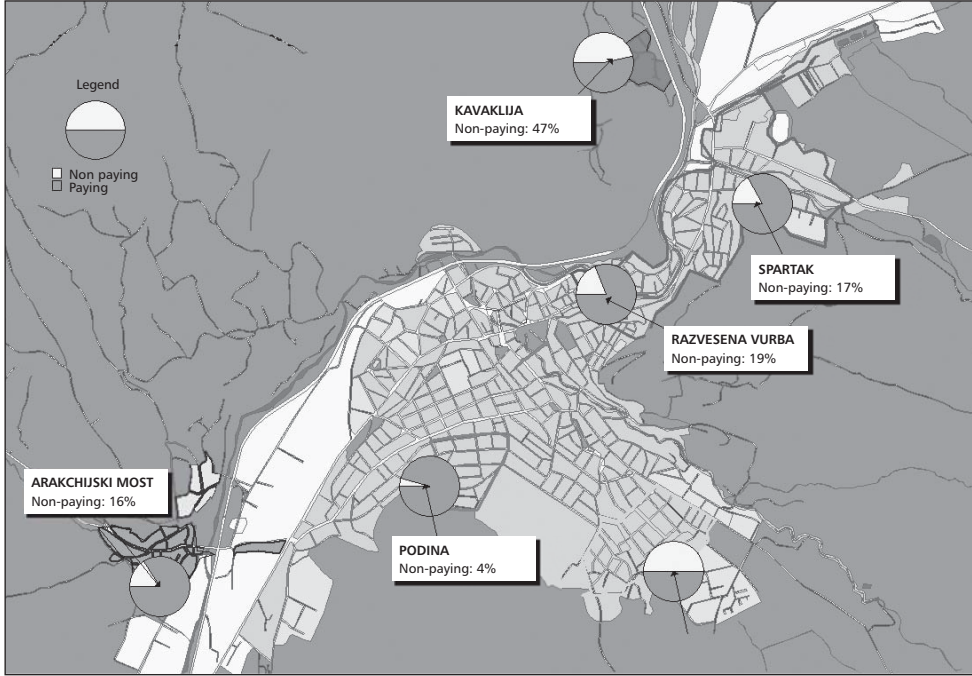
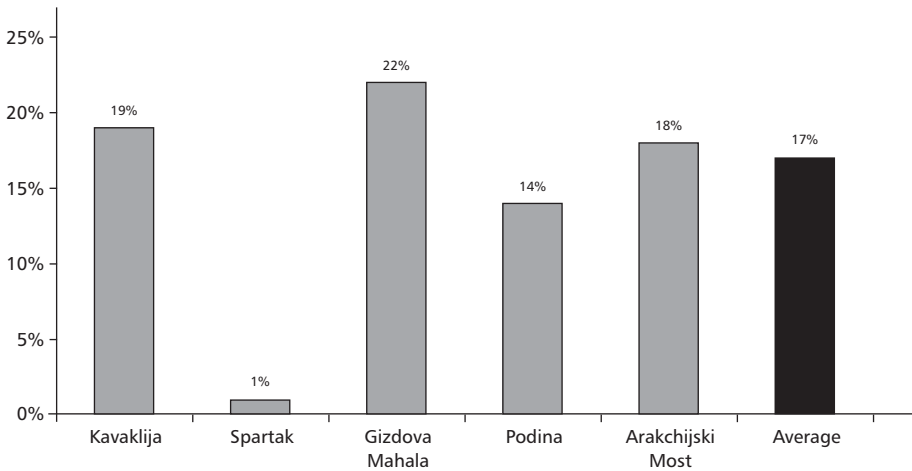


Figure 14.
Percentage of Households without Access to the Electricity Grid



Source: Survey on Social and Economic Status of Roma Community in Dupnitza, Partniori Dupnitza, Municipality of Dupnitza, Open Society Institute–Sofia, May 2006.

Table 2.
Customers According to the Total Amount of Outstanding Bills

Groups according to the amount of the arrears	0–50 BGN	50–100 BGN	100–250 BGN	250–500 BGN	500–1,000 BGN	1,000–3,000 BGN	3,000+ BGN	Total
Town of Sapareva Banja	27	0	0	0	0	0	0	27
Buzludja neighborhood	70	5	6	2	0	0	0	83
Iztok neighborhood	168	43	30	3	0	0	0	244
Podina neighborhood	18	2	5	2	1	2	0	30
Razvesena Varba neighborhood	34	1	4	2	4	1	0	46
Spartak neighborhood	62	14	22	24	23	54	22	221
Gizdova Mahala neighborhood	18	6	14	16	27	63	17	161
Kavaklija neighborhood	10	5	6	13	18	25	1	78
Village of Djerman	13	1	2	0	0	0	0	16
Village of Konjavo	64	2	2	0	0	0	0	68
Village of Krajnitzi	46	1	3	3	1	0	0	54
Total	530	80	94	65	74	145	40	1,028

Source: CEZ—Kjustendil.

Table 3.
Relative Share of Non-payers in Six Neighborhoods of Dupnitsa

	0–50 BGN	51–100 BGN	101–250 BGN	251–500 BGN	501–1,000 BGN	1,001–3,000 BGN	3,000+ BGN
Arakchijski Most	14 (31%)	78 (5%)	168 (10%)	384 (15%)	738 (15%)	1,985 (20%)	4,036 (5%)
Gizdova Mahala	21 (11%)	70 (4%)	180 (9%)	375 (10%)	769 (17%)	1,705 (39%)	4,465 (11%)
Kavaklija	20 (13%)	88 (6%)	155 (8%)	354 (17%)	673 (23%)	1,800 (32%)	3,200 (1%)
Podina	8 (60%)	76 (7%)	132 (17%)	378 (7%)	727 (3%)	1,872 (7%)	
Razvesena Vurba	15 (74%)	71 (2%)	147 (9%)	295 (4%)	675 (9%)	1,226 (2%)	
Spartak	14 (28%)	74 (6%)	180 (10%)	366 (11%)	724 (10%)	1,773 (24%)	3,981 (10%)

Statistically, almost all outstanding household bills of more than BGL 250 should represent arrears, since such amounts are much higher than the average amount per billing period. These arrears are probably not collectible.

Table 4.
Average Arrear, Per Bill in BGN

Average Arrear per Bill	0-50 BGN	51-100 BGN	101-250 BGN	251-500 BGN	501-1,000 BGN	1,001-3,000 BGN	3,000+ BGN
Town of Sapareva Banja	4.2						
Buzludja neighborhood	4.3	37.5	52.2	77.3			
Iztok neighborhood	15.4	28.9	38.1	76.6			
Podina neighborhood	3.0	7.6	16.9	64.5	51.9	44.6	
Razvesena Varba neighborhood	7.2	35.6	59.0	84.1	65.9	102.2	
Spartak neighborhood	7.2	10.6	38.4	22.1	40.0	56.7	109.2
Gizdova Mahala neighborhood	6.1	6.6	16.1	19.4	26.9	45.0	111.3
Kavaklija neighborhood	7.4	19.0	13.7	23.6	24.1	50.4	82.0
Village of Djerman	4.8	11.0	63.9				
Village of Konjavo	3.7	22.7	47.8				
Village of Krajnitzi	5.4	85.3	34.3	36.8	79.8		

Source: CEZ-Kjustendil.

Table 4 shows that the average arrear per bill grows in proportion to the total amount of outstanding debt. In neighborhoods with more consumers in default, every consumer also has very high monthly bills. One possible explanation could be that there is a psychological boundary, beyond which people lose any hope of ever being able to pay back their debts (if we assume that accumulated debt is the independent explanatory variable). A second plausible explanation may be that there is a certain critical number/share of people in default, after which non-payment becomes the norm and, again, there is no longer any need to spare the resource (if we assume that the number or

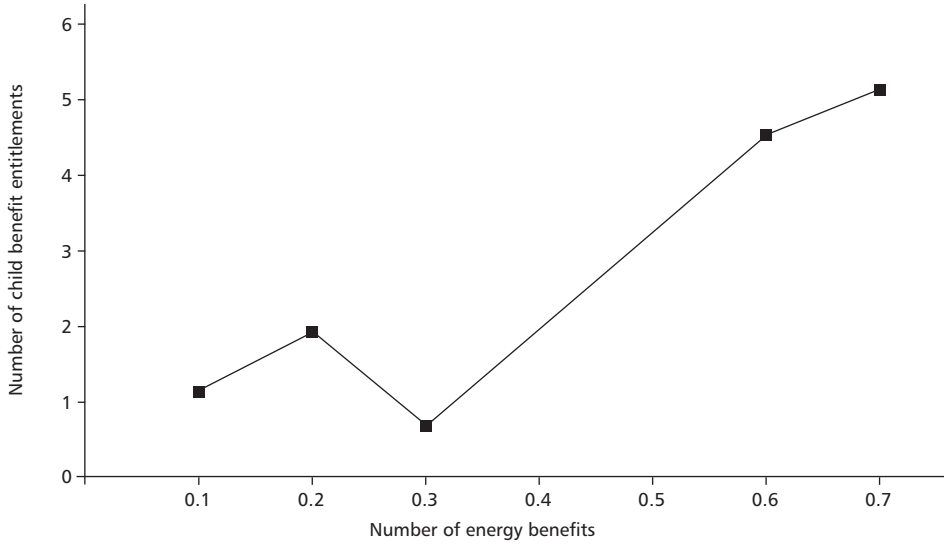
share of people in default is the primary explanatory variable). After a certain threshold is passed, it seems that there is no use trying to control consumption, so electricity is used in an unrestricted manner, which can quickly lead to the accumulation of further debt that becomes unmanageable. This can be taken as an early warning sign that this process can spread throughout the community and that the problem has become one of a community in distress. A third plausible explanation assumes that the amount of any single bill is the independent variable and asks why some households in a certain neighborhood consume more electricity. Our data do not provide the explanation but certainly a combined number of factors are responsible.

The non-payment of utility bills is prone to spread quickly across community groups and neighborhoods. For example, the Spartak neighborhood in Dupnitsa is mixed, with about 11 percent Roma and 89 percent non-Roma households; about 17 percent of surveyed households have not paid their electricity bills for the last 16 months, on average. Clearly, this behavior relates to problems such as poverty, unemployment, and poor access to public services, and not exclusively ethnicity.

What we have here is a complex linkage of factors that calls for a simultaneous and coordinated action by local communities, utility companies, local governments, and agencies of the central government. Unfortunately, the utilities and the local and central government have failed to devise a plan to tackle the non payment issue. For example, the government paints the problem as a private one, following the privatization of utility companies, even though attempts by the utility companies to collect arrears have led to violence between the police and Roma. Legal means have also failed. The last resort has been to cut the electricity supply to the neighborhood in default, which has a devastating impact on the quality of life and casts the utility companies as generators of social unrest and inequality. The result is a deadlock of no benefit to the stakeholders involved. It springs from inadequate government policy that has neglected the design of a broad intervention that would address the underlying issues in poor neighborhoods lacking key state institutions regulating property rights, social and employment services, and law and order.

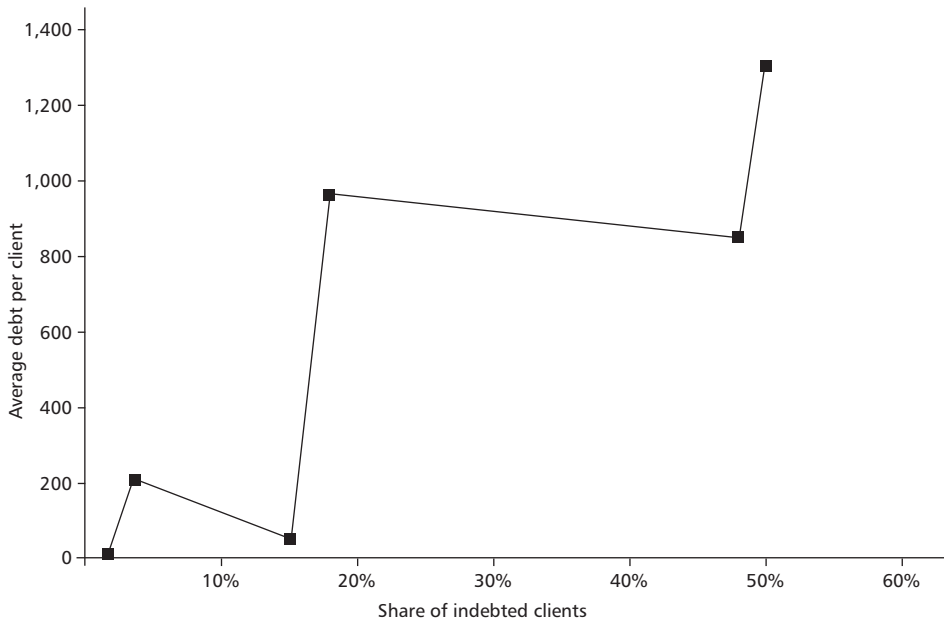
The fact remains that Roma households are less likely to have access to electricity or live in a neighborhood where electricity is unavailable. The data show a spatial-co-occurrence of social inequality and dependence on what social benefits are available. In the neighborhoods where the number of households entitled to receive energy benefits is higher, the number of those households entitled to receive child benefits is also higher. This may seem an obvious conclusion, since both types of benefits are means tested. But it is an indication that benefits are in many instances distributed in a relatively fair and well-targeted way, at least across Roma communities.⁵ There is a high probability that those persons who suffer most from the lack of access to electricity are children living in poor households.⁶

Figure 15.
Child Benefits and Energy Benefits Co-occurrence



Source: CEZ—Kjustendil and National Agency for Social Help—2005.

Figure 16.
Correlation between the Share of Indebted Clients and the Average Debt per Client



Source: CEZ—Kjustendil.

As the share of indebted clients increases, so does the average debt per client. One interpretation of this relationship is that the non-payment of utility bills is a community problem not a personal one. The broader the base of non-payers becomes, the higher their average debt. This conclusion is valid not only in cross-community comparisons but also in the case of a single community when the problem with non-payment of utility bills evolves with time, an indication that other factors are at play beyond any kind of differences between different communities.

HOW DID THE PROBLEM APPEAR AND DEVELOP?

The classic causes for non-payment vary from economic factors (for example, low income or unemployment), to refusal to pay due to psychological factors (for example, social disappointment).

The advantage that electricity companies hold in theory is that they are able to disconnect customers in default from the electricity supply network without restricting supplies to paying customers. In practice, however, this is not always possible due to technical and social reasons.

The problem partly arises from the special status of electricity as a public good. It will always remain a public good even though electricity distribution has been privatized. The obligation to supply electricity to anybody who requests the service, provided there is in theory a technical possibility to do it, is legally established. So, of course, is the right of the supplier to temporarily disconnect consumers in default.

Technical constraints are evident in most Roma neighborhoods, where an antiquated electricity supply network combines legal and illegal connections and obsolete measurement devices. These factors contribute to the poor measurement of the consumption of individual households and to the inability to disconnect only those customers in default. In a final attempt to control losses, utility companies have disconnected whole clusters of houses and whole neighborhoods. Thus customers with a good payment record, Roma as well as non-Roma, are “punished” because their neighbors do not pay. This can easily become an additional source of neighborhood tension.

When it is technically feasible to disconnect precisely those consumers who are in arrears, it may not be enforced or controlled. In practice, the disconnected customer easily can reconnect to the network, or cause costly damage to the supply network. In most cases utility companies consider it less risky to disconnect a neighborhood on a large scale rather than to take targeted measures at individuals.

A major problem is not so much the outstanding debt but the fact that indebtedness will continue indefinitely in the future unless some solution is achieved. The status quo can be prolonged indefinitely, creating more financial and non-financial risks to

utility companies. It is precisely this non-financial threat that the utility company is unequipped to address since it is not part of business as usual.

Debt accumulation and non-paying practices stem from two main groups of factors: those broadly related to an inability to pay and those broadly related to an unwillingness to pay.

Somewhere in the gray area between these two groups of factors are low-income, poorly educated families who are unable to rationally manage their household budgets.

Objective factors can be divided into two main groups:

- economic factors, and
- unpredictable events.

Economic and Social Factors and Unpredictable Events

Economic factors include inflation and loss of purchasing power, rising unemployment, other liabilities, and various other microeconomic shifts. Unpredictable events are more individual and include incidents such as losing the main breadwinner in the family, serious disease, natural disasters and similar unfavorable events.

The **poor housing and living conditions** in all surveyed neighborhoods entail additional expenses for electricity for poorer Roma families. If we look at the basic building materials of Roma houses in Dupnitsa's Gizdova Mahala, almost 35 percent Roma homes are built from sun-dried mud bricks. Energy consumption for heating in those homes in the winter inevitably reaches high levels.

Table 5.

Basic Building Materials in Dupnitsa by Neighborhood

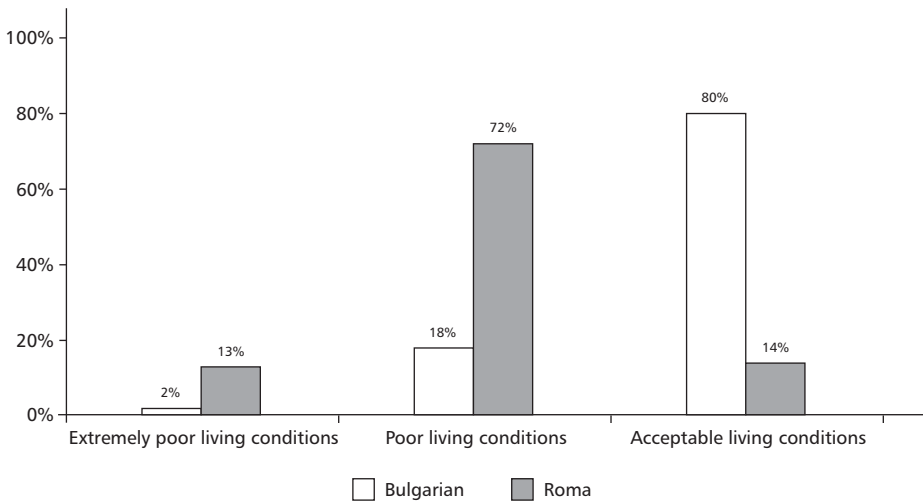
	Panels	Steel structure and concrete	Bricks	Bricks and wood	Stones	Sun-dried bricks	Wood	Other materials
Kavaklia	0	3	24	86	0	1	0	0
Spartak	3	13	53	69	0	10	0	1
Gizdova Mahala	4	6	162	75	0	126	2	2
Podina	0	0	30	22	0	14	3	0
Arakchiiski Most	1	9	177	54	0	5	0	0

Source: Survey on Social and Economic Status of Roma Community in Dupnitsa, Partniori Dupnitsa, Municipality of Dupnitsa, Open Society Foundation–Sofia, May 2006.

The overall comparison between the living conditions of Roma and the Bulgarian majority in the town of Dupnitsa reveals considerable gaps that, in terms of expectations for electricity consumption, can predetermine a larger share of Roma families that live in houses consuming more electricity. A survey on the social and economic conditions of the Roma in Kjustendil Region carried out by the Open Society Foundation–Sofia in 2005 shows that Roma endure miserable living conditions (see Figure 17). The analysis of living conditions used a multidimensional clustering that included factors such as building materials; access to electricity, running water, and heating; bath facilities, internal toilet, etc. The survey concluded that 85 percent of the Roma lived in poor or very poor living conditions compared to just 20 percent of Bulgarians.

Figure 17.

Comparing the Housing Conditions of Bulgarians and Roma

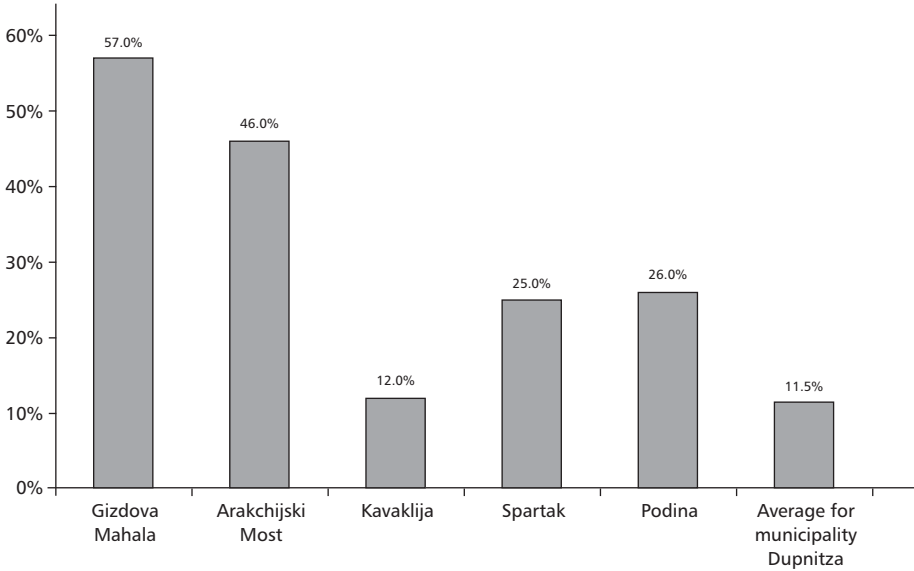


Source: Survey on Social and Economic Status of Roma in Kjustendil Region, Open Society Foundation–Sofia, December 2005.

These realities for Roma in poor neighborhoods determine inevitable debt multiplication. In general, they are not under the control of electricity utility companies. Electricity companies can hardly be expected to improve the economic status of Roma, and this should be considered as a long-term objective of a much-needed systematic comprehensive policy designed at the national level.

Among other determinants leading to non-payment in Dupnitsa are factors like unemployment, the low level of education, and indebtedness. For example, in Gizdova Mahala, the poorest neighborhood surveyed, there are several key determinants of poverty. The relative share of households consisting solely of unemployed family members is 57 percent.

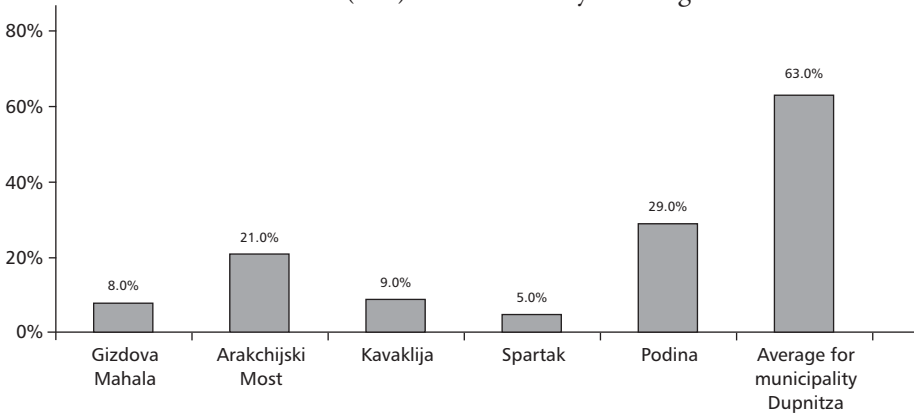
Figure 18.
Relative Share of Households with Only Unemployed Members



Source: Survey on Social and Economic Status of Roma Community in Dupnitza, Partnjeni Dupnitza, Municipality of Dupnitza, Unemployment Level, National Statistics Institute, 2003.

On average, people in the region's non-Roma population are seven times more likely than the Roma to have secondary and higher education.

Figure 19.
Relative Share of Roma (18+) with Secondary and Higher Education

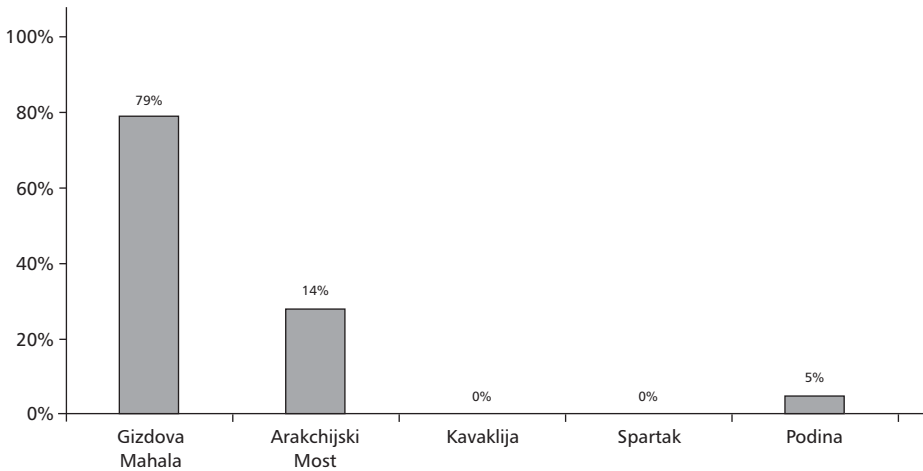


Source: Survey on Social and Economic Status of Roma in Kjustendil Region, Open Society Foundation–Sofia, December 2005, and Survey on Social and Economic Status of Roma Community in Dupnitza, Partnjeni Dupnitza, Municipality of Dupnitza.

Poor Roma families, who are unable to access the mainstream financial system, are often victims of local loan sharks who offer money at extremely high interest. Almost 80 percent of the inhabitants of Gizdova Mahala are involved in such loans, which are very often taken to pay for food.

Figure 20.

Relative Share of Roma Households Taking Loans for Food



Source: Survey on Social and Economic Status of Roma in Kjustendil Region, Open Society Foundation–Sofia, December 2005

Thus, the problem of non-payment co-occurs with a general background of poverty, poor living conditions, lack of education, illiteracy, unemployment, underemployment, and social deprivation. As mentioned earlier, we cannot desegregate the relative importance of each of the social factors because we do not have household-level data on the social conditions and the electricity payment records for the same households. But at the neighborhood level, the situation is clear: non-payment of electricity goes hand in hand with extremely poor social conditions, explaining to a large extent why non-payment occurs.

Psychological Factors

The first psychological factor is the notion of the **unwillingness to pay**. This phenomenon originates in the way debtors think, and it requires considerable efforts to reverse.

The psychological factors of non-payment imply several different patterns.

- **An invincibility**

Since debtors do not pay their bills, no legal or other kind of action is taken and this shapes their awareness that their behavior is without consequences. Faster legal action could have a beneficial preventive effect.

- **The “mob”**

If your neighbor has not paid his bills, why should you act the other way? The sense of being part of a group with a specific pattern of behavior defines the practice of non-payment.

The mob effect can be found across the five analyzed neighborhoods in Dupnitza. For example, large-scale practices of non-payment were observed in the Spartak neighborhood one year after the first non-sanctioned sporadic non-payment practices in Gizdova Mahala, followed by mass non-payment patterns six months later in the Kavaklija neighborhood.

The case of a mob effect works in Roma as well as non-Roma neighborhoods. Non-payment of electricity bills has been observed in the **Razvesena Varba** neighborhood in Dupnitza (inhabited by non-Roma families living next to Spartak neighborhood), where almost 19 percent of about 250 households for which data are available have not paid their electricity bills for the last three months.

- **The “chain of discontent”**

Dissatisfaction with the way society functions and the country is administered may result in opposition to all models of socially acceptable behavior. As consumers do not approve government policies and do not detect any changes in living standards, they are inclined to give form to their disapproval by deviating from their public duties.

- **Incorrect billing**

Most people suspect that if they have run up a high bill, the utility sector and/or specific service providers have incorrectly calculated the sum and are inclined to overcharge customers. Customers are in a very unfavorable position in comparison to the utility company due to the huge asymmetry in their capacity to initiate and sustain legal and administrative action. The only way to express their protest then is to not pay.

- **The social state**

Most debtors with considerable liabilities are aware of their own poor welfare and regard it as a normal defect of the community. According to the survey carried out in 2006, 57 percent of the households in Gizdova Mahala, 46 percent in Arakchijski Most, 28 percent in Spartak, 26 percent in Podina, and 12 percent in Kavaklija consist of families who rely only on social benefits. Depending on benefits, without a modern social service that can activate and empower its clients, the debtors do not know how and do not believe they are able to improve their situation.

- **Giving up**

Giving up is encountered among debtors who may have sufficient income to pay their present bill but do not have enough funds to cover past liabilities. As they cannot cope with the bills in arrears, they refuse to pay even the most recent ones.

The so-called “debt multiplication process” also has complicated the ability of utility companies to collect overdue bills. One unpaid electricity bill generally suggests other unpaid bills for water, phone, garbage, tax liabilities, etc. Indebtedness on this scale tends to produce total despair that can bring about a quick and comprehensive malaise in consumers. Once default has started in one sector, it easily spreads to others. A lack of effective law enforcement in these neighborhoods guarantees that outstanding liabilities will not lead to forced collection. The only exception is debt to loan sharks. Ordinary collection practices are hardly feasible when most households have little collateral. Even the first default on payment should be analyzed and addressed as a warning signal for potential graver risks.

The Iztok neighborhood in Kjustendil is a good example of potential risks. The debts for electricity services are small there, and according to the regional CEZ director, “things in the neighborhood are going smoothly.”⁷⁷ Those who do not pay the electricity bills in time are immediately disconnected. After recovering the debts the household are quickly reconnected to the electricity distribution network. The CEZ representatives described the *immediate connect-disconnect* approach as having a tremendous impact on consumers discipline. Moreover, the overall climate of relations with the electricity supply company in the Iztok neighborhood was described in terms of “positive discrimination,” a term used by Roma consumers themselves.

Beneath the apparently controlled situation in Iztok, another problem may bring about detrimental implications for electricity supplies as well. Almost 100 percent of the citizens of the quarter do not pay any bills for drinking water. The problem is even more complicated because the households did not install water meters and the common

use of water-delivery services led to less pressure in the water pipes and special water supply constraints.

Box 2.

ENERGO in Iztok

We must say few good words about ENERGO (the electricity distribution company). We should stop blaming them for everything. I am satisfied with their prompt reaction—when you pay all owned bills they come right now and connect your house to the network. Sometimes they even make compromises and wait beyond the deadlines of paying off the debts. I have heard that they do not do this in the city center with Bulgarians.

Focus Group, Citizens of Iztok Neighborhood, Kjustendil, Roma woman

- **Poor household budget management**

A mixture of training and psychology, poor budget management is a failure to rank expenses according to their priority, given the sufficiency of financial resources.

For example, a market has emerged for earmarked social benefits for the heating season. The heating vouchers are often sold by poorer Roma families and spent on non-necessities such as stylish clothing, TV sets, and jewelry.

Figure 21.

Alternative Energy Source in Kjustendil, Iztok Neighborhood



The problem of unpaid electric utility bills is well known to Bulgarian social service agencies. Unfortunately, the government has not taken appropriate actions, preferring a disempowering approach of conferring the responsibilities for the management of certain social benefits directly to the social services instead of addressing how to teach people to manage their money.

Technical Factors

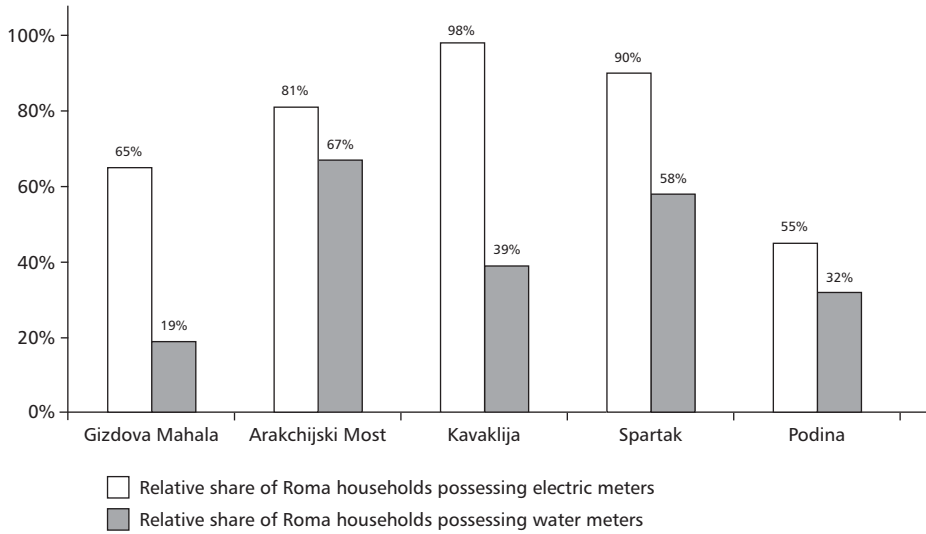
During a study carried out by the two authors in 2005 on arrears in the payments for water in the district of Montana,⁸ a strong correlation was found between the amounts consumed per unit of time and the size of the arrears. The conclusion was that non-payment triggers excessive consumption. This stems probably from the combined effect of despair, poverty, poor budget management, lack of education, and the urge to “pay back” the utility companies for allegedly incorrect billing.

The same research has shown a policy that is ultimately wrong in terms of outcomes. The policy⁹ consists of *de facto* billing, where utility companies apply the highest possible unit rates to consumers who do not have the means to defend their interests.¹⁰ Most often these are relatively poor consumers living in poor areas and a significant proportion of them are Roma. These consumers, however, are exactly the ones who have a rather low threshold for falling into insolvency or arrears. Therefore, the suppliers’ strategy poses long-term risks to the collection of bills from entire neighborhoods in exchange for very doubtful short-term advantages.

Another important aspect of poor household management is the *lack of electric meters*. The availability of technology is one of the basic prerequisites for solving problems related to utility usage. Figure 22 shows that in some Roma neighborhoods a significant number of households (20–45 percent) do not have electric meters.

The lack of meters has several important implications for the relationships between the clients and suppliers. On one hand, it contributes to a climate of mutual distrust that often impedes the potential for conflict resolution; on the other hand, the lack of meters complicates the situation of the poor since without meters the bills are always larger than they would otherwise be (the suppliers are allowed to augment the bills for households without meters to recoup the costs or losses for possible theft). Thus, paradoxically, the poor who pay tend to pay more than the more affluent. A lack of water meters also worsens the situation for poor households as indebtedness to the water supply company leaves people in a dilemma whether to pay first for water, electricity, or food.

Figure 22.
Relative Share of Roma Possessing Metering Devices



Source: Survey on Social and Economic Status of Roma Community in Dupnitza, Partnjori Dupnitza, Municipality of Dupnitza, Open Society Foundation–Sofia, May 2006.

Figure 23.
Uncontrolled Water Source, “182” Roma Neighborhood in Petrich, Municipality of Petrich



Meters are the most fundamental tool for promoting responsibility in one's own consumption. Meters have the potential to rationalize consumption of electricity. Some traditional consumption patterns treat almost all goods that can be consumed before payment as public goods available to everyone for free. This assumption is perpetuated by the communality of consumption arising from the supposed technical impossibility of measuring individual household consumption. Lack of investment in the basic infrastructure for measurement of consumption is a main reason for persistent problems with the non-payment of utility bills.

Figure 24.

View of Stolipinovo Neighborhood, Plovdiv



Recently some strong signals for possible public support for the improvement of the electricity infrastructure came from the perspective of Bulgaria's EU membership. The Bulgarian member of the European Commission, Mrs. Meglena Kouneva, EU commissioner for consumer protection, undertook one of her first *démarches* in her new capacity while visiting Plovdiv. There, she initiated mediation talks for solving the problem of utility liabilities in Stolipinovo. In front of the local electricity company she declared a readiness for lobbying activities concerning the huge accumulated arrears, on the condition that the neighborhood population start paying for its current electricity consumption. Of course, this is not the first time such an idea has been suggested and at this stage it is more a question of creating viable mechanisms for putting such arrangements into practice. However, symbolically it was very important that the interest came from a European institution, apparently out of the local partisan context. In April 2007, Mr. Todor Petkov, the deputy district governor of Plovdiv, announced that there were plans for submission of public-private partnership projects (envisaged to be funded under the EU structural funds) that will improve the infrastructure in Stolipinovo (including the electricity grid).

Box 3.

**Socially Responsible Investment:
The EVN Electricity Supply Company in Stolipinovo**

When the non-payment of utility bills becomes uncontrollable, companies have little choice but to resort to damage control by restricting electricity consumption, either by suddenly disconnecting customers from the network or by introducing a daily electricity supply schedule. At first sight, discontinuing the service seems a simple solution. In practice, the suppliers want to minimize the risks associated with poor areas and minimize their losses. For example, of the 5,000 households in the Stolipinovo neighborhood, only four to five percent pay their electricity bills on a regular basis. However, like everyone else, these on-time customers are subjected to electricity supply cuts and other restrictions due to technical reasons. They have the right to defend their consumer and human rights in court.¹¹ Thus the company faces a dilemma: cover the losses following any sanctions from the Committee for Protection against Discrimination, or try to find a way to treat separately on-time customers and those who have defaulted. The second strategy requires a substantial investment in the renovation of the electricity supply network and meters.

On June 13, 2007, *Sega* newspaper published a brief report on the planned release of a new remote control system that will allow for the disconnection of only unloyal clients (non-payers) in the Stolipinovo neighborhood in Plovdiv. The information was disseminated by representatives of local electricity supplying company “EVN” operating in the region of Plovdiv and South Central Planning Region of Bulgaria. The total investment for the new equipment amounts to over BGN three million.

But part of the problem exceeds the so-called good will of consumers and suppliers. One of the typical problems that both suppliers and consumers face is the prevalence of illegal buildings in the slum areas.¹² According to the current legislation, illegal buildings cannot be legally attached to the electric grid.

Impunity and Illegal Consumption

Illegal consumption and impunity should not be underestimated as causes for the spread of non-payment and other aspects of social disorganization, though it will be wrong to think that they are the only or even the main cause. In 2002, Andrienko¹³ assessed the links between crime, wealth, and inequality, using data from the International Crime Victim Survey of the UN Interregional Criminal Justice Research Institute. He (as many others theoreticians of models of crime and its relation to punishment and law enforcement like Goglio [2004])¹⁴ concluded that the “the decision to commit crime is a result of expected utility maximization, comparing the rewards of committing crime with the costs associated with being the criminal (these include primarily costs of punishment).”

The Penal Code of the Republic of Bulgaria includes a special paragraph concerning damaging the facilities or sites of electricity distribution network.

*Box 4.***Article 216a of Penal Code on Damage to the Electricity Network**

Article 216a. (new, SG 26/04) (1) [He] who, himself or through another, illegally breaks the integrity of facilities or sites of electric transfer or electric distribution network, of gas transport or heat transfer system, of a system for transfer of liquid fuel, or of a water supply or sewage system, thus creating conditions for diverting electric power, natural gas, liquid fuel, heating power or water, or discharge of sewage water, shall be punished by imprisonment of up to three years and a fine of up to fifteen thousand leva. (2) If the act under para 1 is repeated the punishment shall be imprisonment of one to ten years and a fine of up to twenty thousand leva.

The social factors in poor neighborhoods increase the probability that some Roma participate in crime, because:

- 1) Their social status is extremely low in terms of property, public prestige, and the lower expectation levels of other groups towards them—so they have relatively little to lose.
- 2) The probability of punishment may be considered a reasonable scenario; despite the loss of freedom, conditions in the prisons are better than in the neighborhoods and houses of some the poorest Roma groups.
- 3) In an environment where electricity thefts are not considered criminal acts by inhabitants, it is difficult to imagine that there would be public approval for the enforcement of electricity supply contracts or the punishment of illegal connections. It appears that there is a direct relation between the non-payment of electricity bills in poor neighborhoods and spatial patterns of social disorganization. The geographical isolation of the Roma hampers the access of law enforcement agencies to the neighborhoods and favors disrespect for the law. Of course, another unfortunate aspect of this situation is that the police rarely enter these neighborhoods except in emergencies, when it is already too late for preventive measures. As a result, law enforcement officers in the neighborhoods leave a general impression that they are inefficient, lack any real care of the safety of the inhabitants, and their occasional use of brute force.
- 4) There are few if any cases of punishment for illegal connections to the energy grid, mainly because the chances of being caught are low. Although officially regulated in the legal system, theft of electricity cannot be effectively prosecuted. Inefficient law enforcement should be better interpreted as yet another aspect of poor public service delivery, which further perpetuates the next cycle of poverty and social disorganization.

Illegal Connections Avoiding Measurement Devices Altogether

Once night falls over the poor neighborhoods, different types of homemade tools are connected to the electricity grid. The circuits to the meters are bypassed. And the meters do not register any consumption. In the morning the illegal devices disappear till the next evening.

Box 5.

Article 234c of the Penal Code

Art. 234c. (new, SG 26/04) (1) [He who], himself or through another, implements an illegal joining to an electric transfer or electric distribution network, or to a gas transport, heat transfer, water supply or sewage system, a system for transfer of liquid fuel, or illegal interference with the devices for commercial measuring of electric power, natural gas, liquid fuel, heating power or water, or discharged sewage water, thus creating conditions for incorrect reading of the consumed electric power, natural gas, liquid fuel, heating power or water, or of discharged sewage water shall be punished by imprisonment of up to three years and a fine of up to ten thousand levs. (2) If the act under para 1 is repeated the punishment shall be imprisonment of one to eight years and a fine of up to fifteen thousand levs.

Figure 25.

Illegal Connections to the Electricity Grid in Pobeda neighborhood, Bourgas



The major feeder cables are covered with special isolating material and twisted but nothing can stop the thefts.

A More Sophisticated Game—Tampering with Electric Meters

The manipulation of the electricity meters is another form of reducing monthly household bills. Although the meters are sealed, a resourceful person may find a way to open the meter and change the indicated quantity of consumed energy.

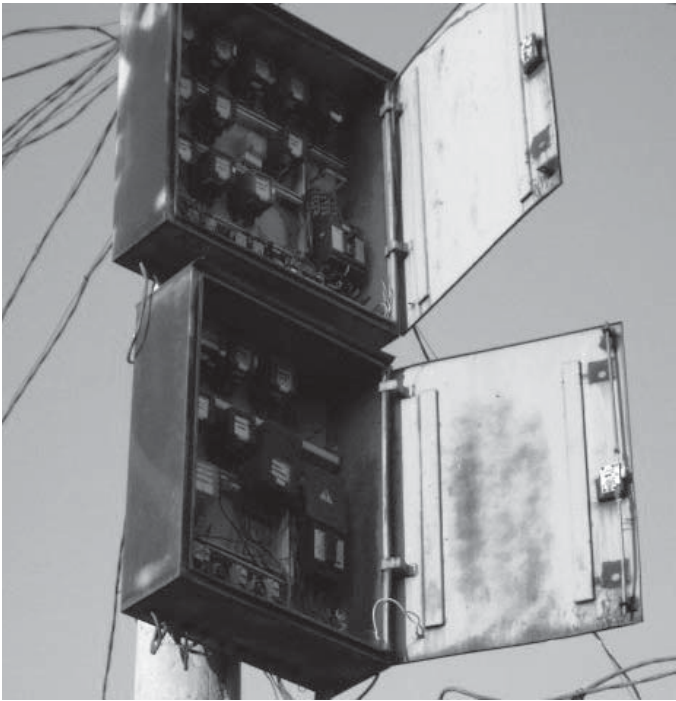
Box 6.

Article 347 of the Penal Code

Art. 347. (1) [He who] damages a telegraph, telephone or teletype installation or line, television or radio installation or electrification installation, thus disconnecting or impeding the communications, shall be punished by imprisonment of up to five years. (2) (Amend., SG 28/82; SG 10/93; amend., SG 92/02) If the act has been committed by negligence the punishment shall be imprisonment of up to one year or corrective labour, or a fine of one hundred to three hundred levs.

Figure 26.

Open Electric Meter Boxes



Free Access to Energy, Dupnitsa, Gizdova Mahala Neighborhood.

The collectors of electricity bills are obstructed in their efforts to check electric meters boxes in many ways: they are threatened, insulted, attacked, and injured. Many of the collectors are intimidated to the extent that they not to want to do their job in poor neighborhoods where they are subject to abuse.

Electricity companies' managers have responded by raising the meters to a height up to five meters on the electricity poles in the hope of minimizing the opportunity for illegal connections to the cables. Branch managers in Kjustendil and Dupnitsa worry that "if we take the electric meters down again we can expect big trouble." Most Roma leaders perceive such measures as unequal treatment and discrimination. Local Roma communities are especially touchy if the elevation of the electric meter boxes is explained as a preventive measure.

Box 7.

Residents Respond to Preventive Measures against Theft

They hooked the electric meters up and we are not allowed to see how they overload our bills. And they do not care about that. They loot from us, not vice versa!

Group discussion with the citizens of Roma neighborhoods in Dupnitsa, Roma woman

The electric meters must be brought down. Having them up there is a pure form of discrimination. This is not Stolipinovo. One should distinguish one Roma settlement from another.

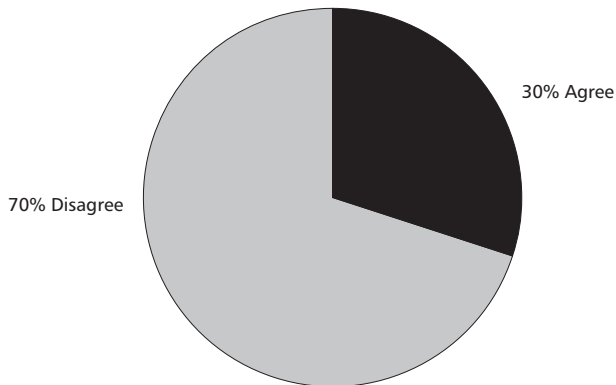
Group discussion with the citizens of Roma neighborhoods in Dupnitsa,
Roma NGO representative

In Gizdova Mahala in Dupnitsa, some Roma leaders insist that putting the electric meters on high poles favors both Roma households and the CEZ company. Some Roma households shared their fear that children may break the electric meters. They claimed that easy access could be even dangerous to their children's safety and lives. But statistics gathered by the NGO Partners Dupnitsa showed that more than two-thirds of the households that agreed on liability reduction schemes with the CEZ electric supply company declared that they did not accept the decision to place their electric meters so high. The official reason for raising the electric meters was to prevent tampering. This, however, should not be done in a stigmatizing way but rather through investment in newer technology.

Figure 27.
Housing Estate in Stolipinovo Neighborhood, Plovdiv



Figure 28.
Does the Household Agree with Changing the Position of the Meter



Source: Partners Dupnitza Database, authors' own calculations.

Damage to the Electricity Network—A Riskier Investment

A survey of approximately 150 senior police officers working at the grass-roots level in the regional police departments of all 28 districts of the country, carried out in coopera-

tion with the National Police Patrol Department at the Ministry of Interior (November 2006), showed that police working every day in the villages and smaller towns (where over two-thirds of Roma live) perceive the crimes related to the illegal collection of non-ferrous metals as one of the top three priorities that need to be addressed. Organized groups of Roma cut cables and wires from the operating electric network and sell them to the dealers of non-ferrous metals. Indeed, it is “intercultural” crime since as a rule the Roma do the “dirty work” but the non-Roma businessmen buy up the raw materials for recycling. While taking part in this type of gray economy, the Roma put themselves at serious risk, frequently leading to injuries, disability, and even death.

All in all, the perception of electricity-related crimes in the poor neighborhoods is a serious business obstacle that has a highly detrimental impact on the willingness of electricity companies and other service providers to invest in developing the electricity infrastructure.¹⁵

Market Failures and Institutional Failures

The Private Monopoly of the CEZ Company

Privatization in the electricity sector started in 2002–2003 with the sale of state distribution companies. According to the Energy Strategy, one of the major goals of privatization was to reduce the sectoral risk, in terms of establishing direct linkage between suppliers and customers and reducing the non-payment risks for the electricity suppliers.

Social protection of those employed in the energy sector has been declared a key priority since the very beginning of the restructuring. Preventing lay-offs through re-training programs consistent with the requirements for market-oriented development of the energy sector was envisaged in Bulgaria’s energy strategy but these programs were delayed.

Therefore, the privatization of the electricity monopoly is related to postponed restructuring—the state imposed clauses that prevented social crises within the company. As a result, the lack of optimization of the companies’ human resources management and service provision had a negative impact outside the company—on the clients. The monopolistic position of the electricity company allowed for choosing non-market strategies that harmed the proper payers of utility services and ignored the increasingly uncontrollable situation with non-paying consumers.

Recently-published research by the EBRD reveals that such non-privatized entities are much more vulnerable to theft, vandalism, and arson (forms of street crime that correspond to the theft of electricity, theft of cables and wirings, breaking into electricity distribution stations, and breaking the electric meters’ sealed boxes). “Locally owned

private companies and small and micro firms are less likely to be a target of street crime than state and bigger firms, suggesting that private owners are better able to control their property and protect their assets against crime” (Krkoska and Robeck 2006).

By its formal characteristics, the CEZ company can hardly be defined as private. It is public-private creature doomed to be the object of regulatory policy of the State Commission on Energy and Water Regulation.

The CEZ company is one of the biggest public enterprises in Bulgaria, with thousands of employees and facilities located in one-third of the country comprising three of the six NUTS II planning regions. The activity of the company therefore is subject to the regulatory policy of the State Commission for Energy and Water Regulation.

The Unfulfilled Mission of Local Governments

In general, inhabitants of poor neighborhoods expect a full remittance on their bills and debts and the negotiation of a new contract from scratch between them, the clients, and supplier. The Roma expect that, if not the owners of electricity supply companies and politicians, then the men in power are those who can fulfill the unachievable dream of having electricity for free.

But the segregation of the Roma neighborhoods has implications for the exclusion of their problems from the political agenda at the local level. Cast aside to the corners of towns and sometimes even sealed off by walls, hidden from the eyes of the majority and foreigners,¹⁶ these ghettoized neighborhoods remain marginalized in the local development policies as well.

Underestimating the problems of societal exclusion, discrimination, poverty, and social deprivation that contribute to payment delinquency, the major weaknesses of the local policy agenda are the following:

- 1) Shortages in preventive work in the poorest neighborhoods and predominantly *ex post facto* activities in cases of conflicts and infringement of law and order.
- 2) Abuse of the local administrative Roma leadership for political purposes.
- 3) Insufficient number of officials qualified to work with Roma.
- 4) Lack of cross-agency cooperation to deal with the problems.
- 5) Non-fulfillment of the duties of the local administration and mayors (according to the Article 44, paragraphs 1–8 of the Local Self-government and Local Administration Act) regarding measures to secure public order.
- 6) The extensive lack of vulnerable group integration strategies, feasible programs, or tangible policy measures that tackle the root causes of poverty and exclusion has not opened opportunities for development, has not overcome existing and

deepening isolation, and has blocked the energy and potential for the integration of vulnerable communities.

Lack of Confidence

In most poor Roma neighborhoods mistrust still exist. Roma allege that, at the beginning of the energy privatization, energy company staff were instructed to pad Roma bills and, since Roma were too uneducated to contest the bills and having in mind that at that time they refused to pay, the debts grew unchecked.¹⁷ The anecdotal rumor is that this is the reason for putting the electric meters high above the ground in the some of the Roma neighborhoods.¹⁸ Besides, Roma households claim that they possess considerably fewer household electric goods compared to the average. Therefore, they expected smaller bills. The mismatch of expectations and “overcharged accounts” contributes to the devaluation of confidence in CEZ.

Fieldwork in the Roma neighborhoods of Pernik¹⁹ further developed these explanations. Some Roma respondents, who used to work in socialist factories before the collapse of the totalitarian system, said that the collectors of electricity bills are doing exactly what workers did during communism—falsifying documents in order to misappropriate surpluses (materials or products) at the end of the month. However, in this case the Roma were unable to explain the misappropriations, since the electricity supply companies do not provide bonuses for redundant bills. One plausible reason for illegal overcharging of consumers in the Roma neighborhoods could be compensation for the losses in those neighborhoods by the utility company but this kind of secretive retribution seems risky and difficult in regards to such a sensitive public issue.

A recent well-known public scandal about electric bills that contained flagrant (obviously technical) errors (with sums amounting almost to USD 100,000 per month for a single household outside a poor neighborhood) additionally reinforced the perception of the mistakes of the electricity distribution companies.²⁰

An alternative excuse blames the small factories around the neighborhoods (usually Roma settlements are situated in the periphery of towns near the so-called industrial park) for using sophisticated and mysterious methods for stealing energy at the expense of the Roma.

Due to existing prejudices and stigmatization of the residents of Roma neighborhoods, public opinion and employees of public institutions usually take higher consumption for granted. Aware of the rumors and skeptical attitudes towards transparency and the accuracy of its workers, neither the electricity company nor any other responsible public controlling institution have announced an investigation on the issue of a potentially corrupt billing system. The result is that the poor feel abandoned and are distrustful and reluctant to cooperate with utility companies or institutions.

Another crucial impediment that also restrains the opportunities for Roma living in poor neighborhoods is the stigma of the ghetto or slum.

Figure 29.

Children in front of an Electric Meter Box, Pobeda Neighborhood, Bourgas



This social stigma contributes to the residents' feelings of ethnic and spatial discrimination and unfortunately tends to become a self-fulfilling prophecy (behaving like the others show you, so that you behave according to their prejudices). This stigmatization of the ghetto predestines Roma inhabitants as the protagonists of disorder and “what the others see in us, they reinforce in us.”

Spatial segregation clearly acts as an aggravating factor of ethnic stigma. The Roma ghettos are doomed to be outside the community—outside the community benefits, but also outside the community's rules and order. Another crucial characteristic of the geography of exclusion is its ability to enhance other types of exclusion—cultural, ethnic, social, etc. Therefore, geographic exclusion produces a vicious cycle of multiple exclusions. Did prejudice and discrimination push the Roma to the city's periphery or did the location itself act an accelerator of exclusion? Either way, one type of exclusion invokes another and both bring about a much more complex and deeper deprivation of Roma than in the rest of society. The stigma of living in a minority ghetto has a logic and dynamic of its own and, as yet another impetus aggravating inequalities, can add to the objective conditions (geographic distance) and social environment.

*Box 8.***Getting to Downtown**

We badly need a better transport connection to the downtown of Kjustendil. If we call the police most probably they will not come. Nor would the ambulance come. We have to wait for hours. We are too far situated from the city and that makes us more isolated and discriminated against.

Focus group, citizens of Iztok neighborhood, Kjustendil

Poor Leadership**The Role of Politicians**

According to Roma leaders, the issue of electricity arrears is an essential part of the majority political parties' conspiracy against them. Since some experts on minority integration estimate the number of Roma is approximately 10 percent of the population of Bulgaria and having in mind the success of some political parties manipulating the "know-nothing" Roma voters, there is no doubt in Roma elites that indebtedness towards electricity distribution companies is an important card to play for political purposes. Dependent on political parties, which temporarily sweep away the arrears problem under the carpet during election campaigns, Roma voters believe that the state (e.g., politicians) will decide upon an amnesty on past debts.²¹ Although no one in the poor neighborhoods truly believes in the accountability of their Roma leaders,²² a good dream can always find dreamers and adherents.

Voters isolated in poor neighborhoods are frustrated by these unfulfilled promises. Yet the consequence of paramount importance is that the dream of free electricity is achievable, which entails irresponsible consumption in poor neighborhoods.

*Box 9.***Documenting Payment**

In the mayor's proxy office we introduced the rule to deliver services to residents of the neighborhood only if they can document that they pay their bills regularly.

A municipality-appointed mayor of the Iztok Roma neighborhood in Kjustendil

The Role of Community Leaders

The proxy role of Roma leaders often is put to the test by the residents themselves since some Roma citizens do not want to be represented by anyone before the state institutions, including the electricity supply companies.

The lack of consolidated leadership and a sound civil sector in the poor neighborhoods predetermines the necessity of reviewing the relationships of companies with Roma leaders. Many of the heads of the Roma community pretend to be leaders but are called “impostors,” “imaginary figures,” “fakes,” etc.

Among the leaders there are some households that proved to have worse customer behavior than anyone else. Negotiations with these kinds of leaders harms the reputation of electricity companies. Therefore, the selection of partners at the grass-roots level should be improved and new types of leaders (demonstrating positive examples) should be promoted. All in all, in regards to Roma community self-organization, a major strand of communication could be developed by electricity companies to include support for a new, more constructive type of leadership that would be able to generate, negotiate, and promote realistic solutions. Such potential leaders *do* exist among the new generation of more educated people.

Strategies That Failed

Collective Memoranda of Understanding and Individual Contracts

One plausible excuse often used for the non-payment of bills is the poor organization of bill collection. The opinion of the residents in Roma neighborhoods is that the contract for electricity services is not an agreement between two mutually respected and equal interested parties but rather an instrument of CEZ to make profits at their expense.

Looking for alternatives to change negative attitudes and to build a better corporate image, the Dupnitza branch of CEZ decided to demonstrate its good will and took part in a round table organized by the local administration, police, and the NGO Partners Dupnitza.

In the end of November 2005, the meetings ended with the signing of a new memorandum of understanding followed by a series of individual contracts with consumers in the Gizdova Mahala neighborhood.

Box 10.

Resisting Payment

I personally don't pay because the Electro Company isn't able to improve its capacity to collect the liabilities. They should improve the system of debt collection. Thus they must invest in a money gathering mechanism. It's their job not mine.

Group discussion, citizens of Roma neighborhoods in Dupnitsa, resident of Gizdova Mahala

Although CEZ came to agreements with 126 individual consumers and a mediator (Partners Dupnitsa) provided 86 consultations on the signing procedures, liabilities, installment plans, and implementation of contracts did not demonstrate much progress until the end of 2006.

There are several reasons for the failure of the contracts:

- 1) The contract model has been applied only in Gizdova Mahala. This gave a wrong signal to the other quarters in the town. Roma in the other areas felt deceived about the missed opportunity for negotiated preferential status in their relations with CEZ. Consequently, some of the households in those neighborhoods stopped paying their debts. But the residents of Gizdova Mahala, in their turn, felt that something was wrong—since now they had to pay while their relatives from the other neighborhoods did not. In this situation no one can be satisfied—neither CEZ nor segregated Roma communities, regardless of which area they live in.
- 2) The bills issued by CEZ contain lots of figures that are completely incomprehensible—not only for illiterate Roma but also for well-educated customers living in or outside poor areas. If a household participated in the agreement, it received mysterious bills and any initial fragile confidence towards CEZ company, built with so much effort, was soon ruined.
- 3) According to the contracts, cashiers at CEZ were instructed to collect installments of BGN 20. The software of the company's billing system had to be adjusted to allow such a fixed-sum financial operation. Meanwhile, the fluidity of manpower led to the appointment of new cashiers unfamiliar with the software and the contents of agreements.
- 4) The promised multicultural training at CEZ staff in Dupnitsa did not take place.
- 5) Anti-corruption measures and improvements in the system of checking of meters and fighting corruption were not developed, communicated, or implemented.

These problems took more than six months to be addressed and solved, but in the

meantime the debts grew and the number of debtors multiplied well beyond Gizdova Mahala.

In Dupnitsa, some of the Roma leaders took part in the process of the appointment of Roma bill collectors who were supposed to work in the slum for CEZ. The collectors proved to be as unable to collect the arrears as the former *gadjo* (non-Roma) collectors. Moreover, after the failure of their mission, the credibility of the collectors (and the supporting Roma leadership) was discredited.

Box 11.

Bill Collectors

We hire collectors belonging to the Roma community. This practice has existed for four to five years but it does not produce a tangible effect. People still refuse to pay their electricity bills. The employed collectors quit this thankless job.

Group Discussion, citizens of Roma neighborhoods and official representatives of local government and utility companies, official from the local government administration, Dupnitsa

One year after the first contracts were signed, on November 10, 2006, CEZ planned another disconnection operation in a large number of households in Gizdova Mahala. Although it can be interpreted as failure of the contracts, the analyses of the errors in managing the model can also open some opportunities for further application of the model. Another asset of this experience are the mixed public-private bodies (a commission consisting of representatives of the stakeholders including the deputy mayor of the municipality, social workers, NGO representatives, and consumers) established to facilitate problem solving and enhance communication between poor residents and electricity supply companies. The first meetings of the commission were initiated by nongovernmental organizations and CEZ and hosted by the deputy mayor of municipality of Dupnitsa.

Postponing Unpopular Measures

The *status quo* will only worsen depth and scope of the problems. Postponement also will entail long-lasting and virtually unmanageable social and economic harm.

As the liability ages, it depreciates in value as an asset. As arrears grow in time, there are less opportunities and incentives for recovery on the debtors' side, not to mention the obligation to return the interest on their debts. The lack of will or effective measures to curb non-payment are an incentive for non-payment and increased arrears. Here, it is

precisely the non-payers who will lose *less* under this scenario—since they have “nothing to lose except their liabilities.” Some of them have already been disconnected several times and have lived without electricity before (for example, the Roma households in Dupnitza, of which more than 90 percent heat their homes with coal or firewood).

Postponement usually leads to anomie and complete disorganization when the only plausible and worthwhile strategy for managers and policymakers is large-scale investment in infrastructure and overall community development.

Collective Punishment of Communities with High Rates of Default

The **collective responsibility approach** is one of the easiest ways of managing non-payment behavior in Roma neighborhoods. Disconnecting the individual debtors requires more resources in terms of time and workers and may sometimes be technically unfeasible. But the collective approach infringes on the human and consumers’ rights of responsible clients who do not have any arrears.

In the past five years in Gizdova Mahala, workers from CEZ were met several times in a quite unfriendly manner while trying to disconnect illegal and non-paying consumers. A spontaneous group appeared and aggressively insulted and rushed upon CEZ employees. Although the workers were assisted by police, the mob (consisting predominantly of Roma women and children) hurled stones and wood, injuring several CEZ staff.

The lack of well-planned measures and established procedures in the early stages of the conflict between the supplier and its clients multiplies the difficulties in later stages when confidence is already very low or missing altogether.

Box 12.

The Taps

In our neighborhood, we have problems with water supply companies. They cut the access to the pipeline. Yet, it's our fault as we do not turn off the taps. If we stop paying common bills for water utility and if each of us has his personal water meter, you'll see whether we'll turn off the taps or not. And if you do not pay, they'll cut you off—let's see then whether you'll save water or not.

Citizen of Iztok neighborhood, Kjustendil, personal unstructured interview

Box 13.

Residents React

The electricity companies' employees steal electricity—not us. You can make a deal with them. Just ask: “Can you do something for me?” and they do what is needed if you give them a bribe. The corruption is huge and endless. God knows how they manipulate the electric meters. I don't want to be robbed by those whose salaries are paid by us—the clients. Yet, it's cheaper to bribe the electricity companies' workers. You pay—they provide you with illegal connection. There are lots of examples of households that look like they are disconnected from the grid but they have electricity.

Focus group, Iztok neighborhood, Kjustendil, resident

When they put new electric meters they bring old meters. Why's that? We want control. We are not burglars. If they catch a Roma stealing, the journalists will show on the TV that all the Roma are thieves. We want some rules and we will not accept if someone else plunders. However, we do not blame the whole electricity supply company but only a few dishonest workers.

Focus group, Iztok neighborhood, Kjustendil, Roma nurse (health mediator)

According to Roma respondents, they are overtly discriminated against by the bill collectors, who treat the neighborhood residents poorly when they come. Some Roma even maintain that branch managers of the electricity company (called “Kings of the Current”) are Fascists and hate Roma.

Discrimination justified several respondents' rational explanations for not paying their electricity bills. Although some police and CEZ workers consider this argument ridiculous, they should take into account that the company's employees must be trained in effective communication with their clients in order to improve their relations with local customers.

Here, collective responsibility justifies the electricity company's cutting of supply to whole neighborhoods. Strongly supported by emerging radical voices with anti-Roma attitudes, this option can easily become part of the public agenda. In some regions (for example, Stolipinovo in Plovdiv, South Central Planning region of Bulgaria), a soft version of electricity supply restrictions has been applied for years. The consequences can be very harmful for local communities—as many responsible customers under these circumstances lose motivation to pay their bills in the future or are forced to leave their neighborhood for want of reliable electricity supply.

The more electricity distribution companies resort to an undifferentiated treatment of consumers in poor neighborhoods, the more social disorganization will impede the process of breaking the cycle of poverty in Roma neighborhoods.

Such negative developments again highlight the importance of focusing efforts towards a careful analysis of different debtor groups and the subsequent drafting of differentiated approaches for collection of arrears. These approaches should also become

part of a general community development strategy attuned to local social and economic peculiarities.

Transferring Losses to Loyal Customers

A tempting option for electricity supply companies and some representatives of the State Commission on Electricity and Water Regulation is to translate their losses from bad management, obsolete technology, and poor customer relations into a price increase for customers.

The case of the Sofia Heating Company demonstrates how quickly a company can lose control over the situation by choosing not to improve its management but rather raise prices as the easiest response to a financial crisis. Poor customers were the first to feel the pressure of higher bills. When the former manager of the Sofia Heating Company was charged with corruption, many clients discontinued the service or stopped paying. Numerous consumers also keep on heating without paying. Prices subsequently grew by as much as 200 percent in some residences. Sofia Heating Company is now at risk of bankruptcy with a growing amount of uncollectable bills.

There is also no doubt that the transfer of burden from non-payers to loyal clients increases discriminative attitudes and practices towards the Roma, who are no longer perceived as victims but as beneficiaries.

In summary, the practices of non-payment of electricity bills in poor neighborhoods bring together two mutually interested and conflicting parties, the electricity company and the local community. They both have different perceptions, knowledge, understanding of the situation and expectations towards each other. Their communication is complicated by several barriers: prejudice, inconsistency with their own norms, false hopes, and a lack of knowledge and understanding of the other party and the impact of the factors of third parties and the social environment. Past mistakes and the current deadlock aggravate the case. Under the pressure of time the problem has intensified and threatens to slip beyond public control. The two parties are engaged in a conflict whose solution is beyond their capacity.

LOOKING FOR FEASIBLE POLICIES

Stage-specific Approach in Addressing the Problem

Figure 30.
Stolipinovo Neighborhood in Plovdiv



The non-payment of utility bills is a paradox. It runs against the logic of spatial analysis of electricity consumption, which indicates (in a quite intuitive way) that consumption decreases from central to peripheral zones and from rich to poor areas in a rather continuous and systematic way. Roma neighborhoods have the highest consumption in the poorest and peripheral zones of the cities, for which there appears to be no panacea.

But the non-payment of electricity bills is not so much a state as a process that develops over time and has different stages. The inability to take this into consideration can lead to irrelevant analysis and inappropriate measures. Below we describe and analyze these stages in a systemic way in order to outline a set of measures for each. These sets are packed together to form a consistent strategy with specific recommendations for each agent and stakeholder who needs to be involved. What should be taken into account, while choosing any of the strategies, is that it must be implemented in time and resolutely—otherwise the situation will rapidly worsen again. Another important

implication is the need of fair assessment of the situation, since the failure of early diagnostics will make inappropriate and much more difficult any measures undertaken.

Stage 1: Individual scattered cases

- **Description:** At this stage the problem still looks like the common kind of problem related to defaults in any payment. It should be noted whether the number of cases is increasing and if there are any long-term impediments to payment and a high risk of over-indebtedness of the households in default. Ideally, this should be done by social services if they have the capacity and practice to work closely with families at risk.
- **Analysis:** Risk factors may indicate that this is not the usual kind of problem with the payments of outstanding bills. These factors are the same as the ones described in Stage 2.
- **Package of measures:** The problem can be addressed with a routine package of measures for individual cases. On the one hand, compliance with contract rules should be enforced quickly to avoid an opportunistic spread of non-compliance. On the other hand, any root cause of social origin like joblessness, low income, poverty, and illness should be immediately addressed by social services. These causes will not disappear automatically after enforcing contract compliance; they will continue to work, produce new cases of non-payment, and worsen the circumstances in the already existing cases. At this stage, when the relationships between clients in poor areas and the electricity distribution companies are not yet critically destabilized, it is important to focus on prevention and sustainability. Moreover, the aim of the applied strategy should be to proactively address any payment difficulties.

Stage 2: Small scattered groups

- **Description:** Small groups or territorial clusters without any connection between the individual cases. At this stage non-payment is no longer explained on an individual basis. It is part of a larger problem. There also are cases when the groups are not clustered together, i.e., they do not represent a territorial community. Here, community is not an empowering and positive environment for its members, but instead correlated with a clustering of negative factors like poverty, deprivation, and social isolation from society at large. Cases when they do represent such a territorial cluster represent a special risk. In this case the problem, whatever its root causes, is worsened by segregation.
- **Analysis:** The situation calls for a quick response. Areas should be checked for *clustering of negative factors* like poverty, deprivation, and social isolation. The set of indicators includes figures related to labor market participation, income and

consumption, education status and participation in education, position in the settlement especially in urban environments (central or peripheral), local infrastructure, and transport connections to other areas. The co-occurrence of negative factors with specific ethnic data reinforces all other risks. In general, a place with a concentrated ethnic minority group, with bad or nonexistent infrastructure and transport connections, with high poverty rates, low incomes, and sub-optimal household consumption, with low employment and high unemployment rates, below-average education, low enrollment rates in compulsory school education, and low participation rates in continuing education, is exposed to multiple risks. At this stage it is generally still too early to outline the different groups of non-payers because cases are too few and the overall picture of non-payment is still unclear. This does not mean that the issue should continue to be addressed on an individual level only. A proactive policy lead by local authorities for data collection and data management would contribute to efforts to identify major risk factors and determinants of non-payment and profile the core vulnerable groups. That would create a basis for early preventive measures.

- **Package of measures:** Contacts with other institutions and agencies that deliver public services in the area should be established to discover how they address the identified negative indicators and whether they have plans or strategies with measurable outcomes, since defaults on payment of utility bills are an early sign of broader societal problems. Separate cases should still be addressed but such measures should be combined with a broader involvement of other actors in the area. As most of the social and economic determinants of non-payment are part of the public domain, for which government has responsibility (employment, education, social assistance, etc.), data and expertise from the local and regional administration should be actively used in the process of building strategies for preventive solutions. For example, an emerging sub-group of non-payers who really cannot afford paying, because of inadequate levels of social protection or because they lack skills to plan and manage their consumption, could be provided with counseling on energy efficiency by either the electricity suppliers, local authorities, or social services.

Stage 3: Larger consolidated groups

- **Description:** The division between stages 2 and 3 is fine and a process of smooth transition. But it is important conceptually to distinguish between them. For example, at the second stage we may have five to 10 households that do not pay their bills from time to time, then with increasing frequency, and then for even longer periods in a condominium of 60 flats. By the third stage in the same condominium we will have 10–20 households that do not pay their bills in a systemic way. What is important is not so much the quantity of non-payers (although it matters, too)

but the appearance of a shared “philosophy” or justification of non-payment. It can be constructed around the principles of solidarity and similarity, e.g., by saying that all non-payers share the same sub-standard living conditions and a generally low level of opportunity. This creates a sense of belonging to a group, and a community spirit, that initially exacerbates the problem. But this same spirit can also be a tool for solving the problem because it allows for “collective bargaining” in relation to defaults and for applying community measures for all root causes of non-payment (joblessness, poverty, etc.). It can be also constructed along opportunistic lines, using impunity and non-enforcement of contracts in relation to others as a justification (“if they do not pay, why should I?”). This kind of argument is reinforced by some typical (and wrong) *modus operandi* of the suppliers in this stage like cutting everybody’s electricity when the groups of non-payers become too large. Sometimes this is done: (a) for technological reasons; (b) due to illegal consumption (is not possible to sort out who did and did not pay); (c) simply to avoid the risk of clashes (it is easier to cut the electricity for a whole block of houses in a housing estate, than try to go into condominiums and private houses one by one); (d) expecting that the good payers will exert pressure on those in default, but what actually happens is that those who used to pay also stop.

- **Analysis:** The first signs of social disorganization are starting to appear, though the problem has not yet become a widespread community problem. It only involves some scattered groups. There is neither a staunch inclination not to pay nor have most households in default given up trying to pay. It is very important to look at the groups of non-payers from at least two different aspects. One is the spatial aspect, representing adjacent or closely located households in default forming spatial clusters. Observation of these spatial groups is already a sign that social disorganization is starting to spread. With time, we can expect that new clusters of non-payers will be appearing, and that existing clusters will become denser (the rate of non-payers in each cluster will grow until everybody stops to pay). But focusing on spatial clusters alone is not enough to understand the issue of non-payment, its mechanisms of propagation and the design of a strategy for containing the problem and eventually reversing the negative trend. It is also necessary to carry out a thorough analysis of the different groups of non-payers and the reasons for non-payment. The basic features outlining the groups can be the amount of the arrears per household, the number of billing periods of non-payment, and the characteristics of the area where the non-payer lives. This is the kind of information that can be extracted for the usual billing database maintained by the utility companies. Other useful information on the status of the households in default can be added through a special sample-based research or by combining the available billing databases with other statistical information on households (this is methodologically a very challenging exercise but is possible).

- **Package of measures:** At this stage a targeted approach is required. What we advocate is an individual approach matched with individual schemes of incentives and sanctions. But it needs to be supplemented with many more community-wide and even broader measures implemented by a variety of actors. The rule of thumb here paradoxically is that if the only target is to collect bills, bills will become uncollectible. In no way should “collective” undifferentiated measures be adopted, like the disconnecting of all consumers irrespective of whether they pay their bills. Special attention needs to be given to stopping the problem from spreading. This includes measures to enforce compliance, negotiate some feasible payments scheme with those who can pay, and mobilize all the legally possible social support for those who cannot pay. Social support includes both passive and active measures—i.e., benefits and other income-support schemes as well as services provided by a capable and modern social service. Therefore, at this stage, the electricity company will need more support from representatives of public institutions working in the local community (social workers, experts on ethnic and demographic issues, mayors’ proxies, etc.), and respected Roma leaders who know and understand the locals’ needs and problems.

Stage 4: Almost universal noncompliance across large communities and areas

- **Description:** This situation is characterized by further clustering of negative factors and deterioration of the majority of indicators for well being and social inclusion. But this is not all. Many conflicts appear within the community as well as among the community and public institutions. For example, this includes illegal housing, leading to a lack of electric meters and illegal electricity consumption.
- **Analysis:** The non-payment of electricity bills is only a small part of a large social issue, involving large areas with many community members. So the main task from the point of view of non-payment is to try to integrate this problem into the strategies for addressing the overall situation. Starting with the behavior of the initial group of a few non-payers, the crisis of energy arrears can have far-reaching consequences. The different causes and forms of deprivation and the resulting disorganization tend to reinforce each other, creating a vicious circle. We have suggested earlier one such circle, knowing that other factors can be easily added or the role of some of the factors we picked up may be contestable.

Once the problem with non-payment has spilled over larger areas, it is only appropriate to look for measures to address it within the context of a large program at the level of the community, neighborhood, or the whole municipality. It is also clear that whatever the program is, it will take many years before the situation improves noticeably.

- **Package of measures:** This stage requires the involvement of a large number of stakeholders. A basic but not exhaustive list of such stakeholders includes electricity suppliers, community consumer representatives, local government representatives, social services, police, and central government. Here, the issue of the non-payment of electricity bills is part of a comprehensive community revitalization program. The elements of such a program would form a package: antipoverty measures, confidence building, improving access to public services, larger outreach, and deeper penetration into the community by social services and policing (e.g., in the framework of community-based social service provision and community policing), and general territorial development measures.

The participation of electricity distribution companies in the process of elaborating strategies for local development is primarily aimed at achieving the business goals of assuring a successful (profitable) service. This cannot be done without the business assuming some social responsibility. Partaking in community-development programs and supporting investments in the social capital of local communities can become part of the portfolio of good business enterprise management. All the more that the available research shows that utility companies depend on the existing patterns of relations within the communities. The solution should lean towards social initiatives with active participation of Roma and non-Roma that favor the community as a whole rather than charity and donation activities. An advantage is the focus on long-term sustainable results rather than one-time aid that does not address the core causes and needs.

Typology of Measures That Can Be Applied

Situation Analysis

- Establish inter-institutional and multidisciplinary expert groups for analyses of the potential problems in the poor neighborhoods.
- Classify the liabilities by applying the standard marketing methodologies for defining and analyzing various groups of customers.
- Study and differentiate the different groups of debtors. The same methodology be applied with some additional tools, e.g., from credit-risk analysis.
- Include questions on utility services in some regular national surveys.
- Develop a trained, skilled expert group in the electricity supply analytical departments.

- Build an early warning system—research, detailed monitoring, analyses—founded on good knowledge and reliable information; such operations can easily become part of marketing routines.
- Collect and study best practices.

The situation analyses must be based on analytical data included in the existing regional and local programs for Roma inclusion. The electricity company may establish a working group within the existing regional committees dealing with housing, living conditions, and social infrastructure at the local and regional administration (Roma public councils, if they are in place). Given the complexity of the issue, a multidisciplinary approach is best, whereby the enrichment of the group's expertise with the capacity of representatives of the other committees—on education, social policy and health. An early warning system can be also initiated by the company but should be implemented in cooperation with the public sector for two reasons: (1) better access to public data can improve the quality of analyses with reliable information; (2) the participation of public sector representatives would contribute both to the adequacy of the policy measures designed and their implementation in the communities.

Capacity-building Measures

- Organize study visits to gather information on best practices and benchmarks before embarking on concrete measures. This can be done in partnership with universities or other research units. One major issue is the successful practice of local partnerships in resolving similar problems; both utility companies and bodies of public experts could benefit from this particular form of capacity building. Public funding for such activities is available from the framework programs of the EU for science and research.
- Train company staff in crisis management.
- Conduct awareness-raising campaigns.
- Organize training and qualification courses for company employees—aimed at improving their communication skills with clients from poor, segregated neighborhoods and enhance employees capacity for effective work in multicultural environments and cooperation within the process of inter-institutional partnership.

In the process of development and implementation of capacity-building programs the company should organize a series of consultations with the other stakeholders in the field of anti-poverty and inclusion of vulnerable groups. For example, in the last decade several local structures of public bodies dealing with minority issues and responsible for

education, security and public order and public administration have accumulated much experience in producing materials and organizing trainings. The study and adaptation of these materials can both save money and inform the companies' capacity-building activities about various traps and risks.

Confidence-building Measures

The first set of confidence-building measures acknowledges the critical role of public administration and policymakers in the process of tackling indebtedness in an environment of poverty. The electricity company can also be involved in those activities as a major partner and co-funder.

- Build systems of formal and informal communication between all stakeholders.
- Invest in pivotal Roma community development programs that strengthen the democracy at the grass-roots level: education, health, sustainable civic participation (NGOs, informal citizens' initiatives), etc. Some of the arrears on electricity bills can be collected into a special fund for such programs, which in this case is also likely to attract more governmental and private support.
- Organize a public awareness campaign in cooperation with all stakeholders about the criminalization of thefts from the electricity grid and the public damage stemming from these crimes. The police and the State Agency for Energy and Water Regulation are among the relevant partners.
- Establish local committees on the principle of local partnership (Roma leaders and representatives from the electric utility companies and local administration) to monitor the quality of services supplied and quality standards of electricity supply.
- Increase the number of initiatives about the settlement of a variety of Roma issues that should not necessarily directly relate to only the issue of electricity supply. For example, keeping in mind that a great part of the Roma neighborhoods consist of illegal houses, an advocacy program and intensive parliamentary lobby should begin for a legal opportunity to connect houses to the electric grid that are unregistered in the cadastre.

Although public support is also required, the following set of confidence-building measures can be initiated and organized mainly by the electricity company:

- Conduct a public awareness campaign on the value of energy and of the need to promote reasonable consumption. The State Agency for Energy and Water Regulation and consumer associations are among the relevant partners.

- Organize community initiatives like garbage collection, health initiatives related to electricity consumption; sport initiatives.
- Conduct personal negotiation and elaboration of individual contracts, considering the social and economic status of each separate case, for reducing the arrears and rates of interest.
- Assure the installation of individual electric meters and individual access to the services offered by electricity distributing companies.
- Design and conduct a public awareness campaign about the costs and benefits of installing new double-tariff meters (since a large number of clients in Roma neighborhoods still use one-tariff meters that do not separately read the night consumption of energy).
- Assure a system to report supply problems (thefts, illegal connections, corruption of collectors, etc.).
- React promptly to technical problems emerging in the poor neighborhoods.
- Introduce a public company program for corruption risk assessment and measures to tackle possible abuses.

The next three sets of measures are developed to specify the activities that should be considered in the process of development and implementation of national, regional, and local public policy by a committed and accountable public sector. The electricity company's role in this case, although moderate, can be helpful and constructive. The company can declare its readiness to provide expertise and partake in some initiatives. It also can be involved in public discussions aimed at delivering feedback to policymakers.

Income Support Measures

- Stop illegal loans in the poor neighborhoods. One of the fast tracks to severe indebtedness, illegal loans prevent people from paying their bills due to high interest and rapidly accumulating debt. Addressing this issue has at least two basic aspects. One aspect is related to the work of the police and the enforcement of the law. Another aspect is gaining access for the Roma to the mainstream credit system run by official banks. This requires also special attention on behalf of policymakers, since Roma face many constraints that often prevent them from using the benefits of the expanding credit markets.
- Transfer social benefits for energy bills directly from the government to the electricity companies in order to minimize the cases of selling of energy vouchers before applying a more sustainable solution.

- Introduce programs for household budget management training. Lack of appropriate training has so far been the main shortcoming of both the labor market activation programs and social programs.
- The government should reassess the minimal rates of social benefits for the energy needs of vulnerable groups.

Measures to Improve Social Services and Policing

- Involve (commission) social workers to take part in initiatives aimed at reducing arrears.
- Negotiate with the MLSP about how to channel targeted energy benefits to the electricity supply companies (Regulation No. 5, issued by MLSP on May 30, 2003). In the long-run, social services should work to improve the capacity of clients to manage their own budgets.
- Invest in capacity-building programs for the police.
- Engage the local committees for public order and security in the processes of prevention and fight against “electricity crimes.”
- Advocate for the implementation of an effective law enforcement system in poor neighborhoods with the active participation of local police.

Local Planning and Territorial Development Measures

- Organize local public discussions in order to popularize and consult with inhabitants when planning investments in electricity facilities in their neighborhoods. These events cost very little and easily can be funded from the available marketing budgets. Representatives of the local government and other agencies also can be invited. This is a strong confidence-building measure.
- Introduce a pre-pay voucher system that allows using a limited quantity of electricity.
- Draft strategy and plan activities related to the prevention of defaults. Those strategies and plans should be based on the principles and approaches stated in the national policy documents. At the same time, they should be in compliance with the local needs and context.
- Involve the electricity supply companies’ representatives in discussing local development programs (including ethnic minority social inclusion plans) and looking for opportunities to optimize funding of the programs.

- If needed, the electricity supply company should commission the municipal police and private security agencies to secure the electricity facilities and boxes.
- Electricity supply companies should participate in consultations related to city planning and insist on addressing the issue of illegal buildings.
- Discuss whether, in certain cases, connecting illegal buildings to the electricity grid should be allowed.

Good Practice—Social Inclusion without Indebtedness

The practice shows that preventing non-payment of utility bills is possible. Below we provide an illustration of this. Unfortunately, there is no practical evidence that stopping and reversing the process of non-payment and overall social disorganization is possible. But we hope that this paper will make at least some contribution to the emergence of good practices as well as prevention.

The case study shows that, if there are good, established rules and relationships between the electricity supply companies, local authorities, and NGOs,²³ there can be only a few cases of arrears and only a small number of consumers who are disconnected from the electricity supply.

In this case the rate of loss to the electricity supplier is very low.

Box 14.

A Case of Successful Integration—Sapareva Banja

The Roma Community of Sapareva Banja represents a positive case of governing the ethnic diversity (including relationships between clients from different ethnic background and utility companies).

The share of Roma in Sapareva Banja is nine percent (13 percent among students in secondary schools). However, in this town there are no segregated schools or geographically segregated Roma neighborhoods. Compared to the other surveyed communities (Kjustendil and Dupnitsa and many other surveyed municipalities and districts), Roma students in Sapareva Banja display the same performance at school as their Bulgarian classmates. There are no registered dropouts from the schools. (This could be considered as one of the very rare cases of equality of access and quality of education for Roma and non-Roma throughout the country as a whole.) According to the local General Practitioner, the health status of the Roma is even better than that of non-Roma.

The relative share of non-payers of electricity bills tends to be about one percent (1.45 percent) and the total liability of the whole town (4,205 citizens) is less than BGL 150 (less than a minimum monthly wage).

All told, the complexity requires an overall analysis of the causes and factors for non-payment of electricity bills in poor neighborhoods. Therefore, a thorough analysis comprehends a variety of public domains and dimensions of the problems in their interrelations. This should not be a “lonely rider’s” mission. The analysis proves that companies cannot cure the symptoms but can be instrumental in identifying the risks, raising the alarm, and to some extent preventing further degradation of the situation.

The only sustainable and fundamental solution lies in the concept of real and equal integration in Bulgarian society of Roma and other vulnerable groups, hopefully the result of long-term policy adequately designed and resolutely implemented. That is the solution that pays returns. And it belongs to the public authorities. The postponement of any measures is a palliative that is ineffective in the long-term. Even if it takes the lead and assumes the burden of responsibilities, the government (either local or even central one) cannot deal with these challenges alone. Local businesses and communities must offer their support to the policymakers and they must realize their stakes in this process.

CONCLUDING REMARKS

According to the architect Ralph Stern²⁴ “the spatial organization of our cities, neighborhoods and homes are precise indicators of social, cultural, economic and political agendas.” Although Bulgarian society believes itself to be tolerant, if we have a closer look at the present planning of Bulgarian towns we can at least question this notion of tolerance. Hundreds of segregated neighborhoods surround almost every large town and are inhabited by poor people who are isolated and have no opportunity for integration.

In this paper we analyzed one of the most persistent problems in Roma neighborhoods—the problem of non-payment of electricity bills, which brings about a host of other negative consequences apart from the risk of losing access to electricity. We tried to show that this is a process shaped by the complex interplay of multiple factors, which evolves in time and needs stage-specific efforts and the concerted efforts of multiple stakeholders.

In multicultural societies the refusal to recognize or analyze spatial divisions of democracy leads a kind of “blind democracy,” which is vulnerable to undemocratic trends and the seizure of resources by elites.

The segregation of Roma in ethnic neighborhoods creates a lot of tension inside Roma communities and promotes the growth of slums. This tension is presently resolvable only through illegal expansion outside the poor neighborhoods (illegal emigration, unregistered houses and hovels, accompanied by illegal or uncontrolled consumption of utilities, etc.). That is how the frontiers dilute and slums remind us they belong to our towns.

Therefore, spatial segregation is not only an indicator of existing inner divisions and disparities. The geography of exclusion has its strong impact on the scope and depth of the precipice pulling communities apart. Spatial segregation and isolation favor social and economic disparities. Hence, geographic exclusion should be considered as an essential part of the complex of social cleavages. National and local policies that address poverty and discrimination issues must include a very strong analytical component coupled to a complex of measures aimed at turning the urban environment from an enemy to an ally of integration and social cohesion.

The management of supplies in poor, marginal areas is a great challenge for utility companies. In addressing these challenges utility companies cannot but become more socially responsible and seek the partnership of the government and NGOs. The conclusion that unilateral measures, even when they are perfectly legal, are unenforceable in the ghetto is something that both authorities and private agents acquired the hard way.

Finally, we need to repeat again that our initial idea was that this paper would target only the electricity supply companies. We would have argued that the large companies of today have the instruments and will to get involved in social issues. The annual budgets of some of companies for public relations and advertising are higher than the budgets of most social inclusion programs. The resources are there even if they would be available only in the framework of traditional corporate image building through charity. But this is no longer the case, because private operators like the utility companies increasingly face social risks that cannot be handled with the traditional business instruments. This said, with the help of some of the early readers of this paper, we realized that we could not but address some of our recommendations to other stakeholders, and especially to the different levels of government. We still believe that the electricity companies could be one of the important beneficiaries of this paper and that recommendations to other stakeholders can be put on the negotiation agenda of the electricity supply companies. Such bilateral and trilateral negotiations with the government and local communities have already started, as illustrated by some examples in this paper. In some of these negotiations, like the case with the Roma neighborhood in Plovdiv, electricity suppliers have made unexpectedly high commitments in terms of future investments to improving the electricity supply and measurement infrastructure. This lends us to believe that the ideas expressed in this paper are constructive, not whimsical.

Nevertheless, the complexity of the challenges and the public (not private and not business-only) essence of the issue require coordinated and complemented efforts of all stakeholders involved. So it is no longer solely for the electricity supply companies. Yes, an electricity supply company can and should play an important role in resolving the issue of non-payment of electricity bills—the practice clearly shows that this cannot be handed over to law enforcement agencies alone. It can easily register negative trends and give the alarm in the early stages of the problem. It even can undertake some measures to postpone and curb the non-payment avalanche. However, left alone, the

company is powerless to deal with the underlying socioeconomic factors that must be addressed by the local community and institutions as a whole in order to find long-term sustainable solutions. Since effective social inclusion policies and strategies at the local level, although considered necessary, are still undeveloped and unimplemented in most local communities in the country, the electricity companies and other public and private parties concerned can initiate and add their positive influence to trigger or support the acceleration of this process while demonstrating that they are neither the only stakeholder of the issue nor the only beneficiary.

As the exclusion's spatial, social, and time dimension interfere with and bolster one another, we need a strong, comprehensive, well-planned policy carried out by stable coalitions at the local and national level. Therefore, the responsibility for the policy that will change the faces of our towns is our common duty and the mission of reducing the social gaps can be successful only if it is based on broad local partnerships comprising the key stakeholders and led by a committed public sector.

ENDNOTES

- ¹ For example, a recent expert estimate in Iztok Neighborhood in Kjustendil showed that almost two-thirds of the households live in houses without legal status (A Representative Survey on Health and Education Status of Roma in Kjustendil, database, unpublished version, Nevi Cherhen Association, 2007). A representative survey of 800 Roma and non-Roma households in the region of Kjustendil, carried out by Open Society Institute–Sofia revealed that over 50 percent of Roma houses are constructed outside of regulation regions (Survey on Social and Economic Status of Roma and Non-Roma in the Region of Kjustendil, Open Society Institute–Sofia, Diversity Management Project, 2006).
- ² We used data from various surveys conducted by nongovernmental organizations and government agencies. Surveys carried out by Partners Bulgaria (Dupnitsa), Open Society Institute–Sofia, Regional Institute of Statistics, and the Nevi Cherhen Roma Association in Kjustendil made it possible for us to have a closer look at some key proxy indicators for deprivation like the material used to build the family house and the possession of different domestic appliances.
- ³ When comparing Bulgaria with Turkey whose GDP per capita is twice as much, a Bulgarian household registers higher levels of energy consumption.
- ⁴ See p. 85, the paragraph on the mob effect.
- ⁵ No data is available to make a comparison with Bulgarian majority communities.
- ⁶ A plausible conclusion is that a lot of households are entitled to child and energy benefits. Both of these are close to perfect proxies for relative poverty (as defined by Eurostat). There is a strong argument to call for some public involvement. Current debates on poverty in the EU that center on children's poverty and deprivation have led to much stronger calls for intervention than the poverty of adults who are deemed by some to be responsible for

their own situation. This argument does not apply to children, who should not suffer the consequences of poverty.

- 7 The local CEZ management team expressed their opinion that the only problem on the agenda of local policy of the company in the district is the existing illegal settlements in the periphery that can hardly be connected to the electricity supply facilities. But in the Iztok neighborhood, CEZ has invested in new (French) technologies that secure the best quality of electricity supply (personal interview with Mr. Y. Yovev, regional director of CEZ Kjustendil).
- 8 Diversity Management Project, Open Society Foundation–Sofia, Unpublished Survey, Municipality of Montana and Municipality of Lom, 2005.
- 9 In regulated markets, like the electricity market in Bulgaria, monopolistic suppliers are only allowed to suggest new prices, which are then subject to approval by a special agency. Legislation regulating such markets is also an outcome of intensive lobbying, in which large monopolies have much more power than consumer associations. Even in rather weak consumer associations, the interests of vulnerable groups are unrepresented. In cases of such legislative activity it is difficult to distinguish public policy from corporate strategy, since all too often the legislative process is dominated by corporate interests. EU consumer protection rules and the liberalization of electricity supply markets are likely to shift the balance of powers between electricity suppliers and consumers.
- 10 We do not refer here to any illegal practices or cheating by using the power of asymmetrical information. We mean that legally adopted and enforced rules that harm poor households and even opportunities offered to consumers. One such rule concerning water supply was officially meant to do good. The rule required to charge those without water meters very high *per capita* tariffs. The idea behind the rule was to compel households to install water meters but some that could not afford this option had to pay disproportionately high bills for some time. Paradoxically, sometimes offering new opportunities that cannot be used by a certain group increases inequality in the outcome. A typical example is the opportunity to install dual-tariff electric meters that allow a customer to pay less for energy consumed at night.
- 11 The electricity companies have already received several strong signals from different directions that treating customers in a good way is not only a human rights issue, but is also beneficial for pure financial reasons.

In December 2006, the Commission for Protection against Discrimination issued a decree that disconnecting the correct Roma customers from the electricity grid represents indirect ethnic discrimination. The company appealed against the decision but still, according to Mr. Kemal Ejup, the anti-discrimination commission's chairman, the company has the obligation to supply electricity to its paying consumers under threat of penalty with high fines (according to the Law against Discrimination, the first breach is BGN 10,000 (app. EUR 5,000) and after that the fine is doubled). Electricity companies used the practice of disconnecting a whole block or supply area in the case of massive defaults even though among the disconnected there were also customers who did not have any outstanding debt to the company. In many cases, this was due to the fact that the obsolete electricity supply infrastructure and the many illegal connections to the electricity grid did not allow

for a more targeted approach. Of course, disconnecting customers who have fulfilled their contractual obligations is a breach of contract and a violation of the consumers' rights. When this act is systematically applied to a specific ethnic group it also represents indirect ethnic discrimination, as was indeed decreed by the relevant body. Of course, this act in itself does not solve the problem. If the share of non-paying customers who cannot be disconnected is big enough, the whole business may go bankrupt and there may be no one willing to take over the risk. It would be worth investigating how the full liberalization of the electricity market would affect the problem of indebted neighborhoods. Among other changes, liberalization can lead to more competition but also to more fragmentation of the electricity supply market, so in the future we may have neighborhood suppliers as separate business entities or as the transferable parts of a larger business. Companies may take advantage of this option by trying to get rid of the risky areas of their business. Currently, the situation is like having a segment of your business operating at a huge loss, which you can neither sell (even at a loss) nor transfer nor close down. But what if you could do this? It may also occur that small companies will be better equipped to tackle grass-roots issues, to manage community risks, and to respond to the specific local needs of their customers.

- ¹² There are different expert estimates on the number and share of illegal buildings in the Roma neighborhoods, also populated with a share of residents of non-Roma origin. In the worst urban neighborhoods the share of illegal buildings is between 80 and 100 percent and has been acknowledged publicly by local officials, e.g., the mayor of the "East" district of Plovdiv.
- ¹³ Y. Andrienko (2002) "Crime, Wealth and Inequality: Evidence from International Crime Victim Surveys." *CEFIR*. November. In: Libor Krkoska and Katrin Robeck (2006) "The Impact of Crime on the Enterprise Sector: Transition Versus Non-transition countries." Working Paper No. 97. EBRD. May.
- ¹⁴ S. Goglio. (2004) "Crime, Collective Action and Development." *European Planning Studies* 12(6): 853–869. Libor Krkoska and Katrin Robeck (2006) "The Impact of Crime on the Enterprise Sector: Transition Versus Non-transition Countries." Working Paper No. 97. EBRD. May.
- ¹⁵ There is no doubt that currently the responsibility for the maintenance of the electricity grid lies with the electricity supply companies. It could be argued, however, that some investments of very high risk could be supported from public sources like the EU structural funds. This, of course, has to comply with the EU regulations on state subsidies, which are very strict.
- ¹⁶ An unsuccessful attempt has been made in Iztok neighborhood (Kjustendil) but was thwarted by the local Roma community.
- ¹⁷ Another interesting aspect of the lack of consumers' control over the billing is the postal service. The CEZ company uses the postal service to mail its clients their bills. However, an overwhelming majority of households lacks post boxes, whereby postal service deprivation adds up to geographic isolation. (During the Renaissance period the postal service symbolized the modernization of society and the imposition of the rules of the modern Bulgarian state. The lack of postal services in the poor neighborhoods is more proof of the absence of the very fundamentals of the state order in these areas.)

- ¹⁸ While negotiating the agreements with households in Gizdova Mahala, CEZ representatives gave a positive response to the desire of every consumer regarding the option of fixing the electric meters on five-meter-high posts or putting them at shoulder height. Most of the households accepted the first option.
- ¹⁹ Stefan Krastev, unpublished manuscript, Diversity Management Project, Open Society Foundation–Sofia
- ²⁰ In fact, all three electricity companies in Bulgaria have made substantial errors in calculating electricity bills effecting some households in a few villages and cities, so the credibility of electricity companies is currently at stake. Clients who have run up a higher bill often believe that utility sector and service provider companies have not calculated the sum in the proper way and are inclined to overcharge customers.
- ²¹ This phenomenon and its social and political implications were further elaborated in authors' articles published in *Politiki* bulletin (see the articles at www.politiki.bg).
- ²² According to the data of UNDP, less than five percent have faith in Roma political leaders in Bulgaria (UNDP 2003).
- ²³ Although the fourth option is completely based on local partnerships in resolving the issue of arrears, the suggested priorities, steps, and measures are developed for and centered on only one selected stakeholder. Since in the authors' view the major stakeholder and principal direct beneficiary of successful management of non-payments is the electricity supply company, the initiative and lead in applying an appropriate policy is considered to belong to CEZ Electric Company. However, keeping in mind the local partnerships' approach, in the proposed option several proactive measures are laid out, that should be initiated by CEZ but fall within the responsibilities of a large number of other stakeholders.
- ²⁴ Ralph Stern, Introduction to an exhibit opening in Berlin on Las Vegas (entitled "Sites of Transition: Urbanizing the Mojave Desert" (2007).

Inclusion of Vulnerable Groups
in the Planning Process
Case Studies from Karlovac County, Croatia

Vesna Tomasevic

Executive Summary

In 2003, when local economic development (LED) planning was first introduced to the selected areas of this report (Slunj, Rakovica, and Cetingrad) and three Economic Development Strategic Plans (EDSPs), were developed, it was considered a great success. For the first time, representatives of the local governments, business leaders, and civic leaders sat together and discussed LED from a community perspective.

At that time, LED plans in the city of Slunj and in the municipalities of Rakovica and Cetingrad were the only strategic documents in the area. All three plans were developed by their respective public-private task force but with limited inclusion of various groups. Thus the actual degree of participation was limited.

This chapter presents a more comprehensive view of the situation with respect to local economic development.

It begins with analyses of the demographic, social, and economic conditions of the selected local governments in Karlovac County, including a general background of LED planning in Croatia.

It gives an overview of the selected LED plans and other relevant plans and strategic documents in the selected area, and it is based on and relies on key findings from the evaluation of the local development plans of the three selected local governments.

The study identifies many categories of socially sensitive and vulnerable groups in the area. However, it concentrates on the main findings of just one vulnerable group, the long-term unemployed, as a sample and uses it as an illustration of how to make a better planning process for all groups.

This chapter concentrates on improvements to community-based strategic planning and gives recommendations for selected local governments on how to improve the process of strategic planning, in a form of an integrated sustainable development strategy (SDS), which should include the needs of vulnerable groups. Local governments might do it separately, or perhaps collaborate in order to pool their resources.

Finally, spatial analyses of identified vulnerable groups, herein the long-term unemployed, compared to the existing LED activities and planned opportunities in Slunj, Rakovica, and Cetingrad, are presented in the appendices to this chapter. They serve as an illustration of what kind of data and mapping are needed for a better designed planning process.

INTRODUCTION

Unequal distribution of social and material wealth and limited access to opportunities lead to social exclusion.

Current economic growth and development in Croatia is concentrated in the capital, Zagreb, and several large cities, while smaller urban areas and especially rural areas have suffered a steady decline. As a consequence, many people have been forced to move to larger cities or to emigrate. Some villages have been abandoned as people have left the area, producing even greater differences in the distribution of development.

Different components of social exclusion influence one another. Deprivation usually begins with the loss of employment, which in turn leads to a significant degradation in living standards, i.e., an increased risk of poverty. Living in poverty creates additional difficulties in the search for employment and contributes to a long-term unemployment trap for many individuals. At the same time, unemployment and poverty inhibit participation in social activities. Due to the lack of money and to the stigmatization that can be caused by unemployment, social ties are weakened, increasing the probability of social isolation.¹

A transition toward a market economy and the decentralization of government that often accompanies such reform imply a greater responsibility of local governments for the activities that spur local economic development. It means that local governments have a larger responsibility for the economic welfare and quality of life of their citizens, with particular attention being paid to marginalized or excluded people. Moreover, it is at the local level that policies engage with people from vulnerable groups (as well as the majority), and where projects are launched and sustained. Participation in local community activity can build confidence and skills that improve their readiness to participate in partnerships and other local community programs.²

This report argues that there is a risk of neglect if representatives of vulnerable and marginalized groups are excluded from the planning process. According to the Declaration on the Right to Development, “the human person is the central subject to development and should be the active participant and beneficiary of the right to development.”³

The LED strategic planning process in the selected areas described in this chapter resulted in a consensus regarding the vision, strategic goals, and objectives through a number of workshops, but were they really an expression of the interests of the whole community? Did they really address and take into consideration the real needs and priorities of each settlement?

Vulnerable groups in the studied areas are significant in numbers and needs, but the LED plans for the selected areas neglected their needs and aggravated their problems. LED planning is a good start, but it is insufficient. The plans focus on some potential

economic drivers but neglect the social consequences. LED plans were neither based on a comprehensive view nor integrated, so nothing assured that the interests of the whole population were considered. Furthermore, the process involved insufficient assessment of conditions and needs, insufficient data collection, and no surveys.

This chapter argues that a strategic plan should focus on a just distribution of opportunities, either through inclusion of all representatives or through advocacy of their interests. A strategic plan should also promote possibilities for increasing the labor opportunities for all. There is a necessity of balanced representation, including representation of the vulnerable. This would create the preconditions for sustainable development and lead to achieving social, economic, and environmental cohesion on the local level.

The city or municipal government that initiates the planning process should, aside from representatives of businesses and the public and private sector, invite more representatives of the local community (settlements). This task force should have broad community representation in the form of a local action group, which should take the views and opinions of different identified vulnerable groups on social and development needs of the area.

Instead of LED strategies elaborated on the basis of small groups of stakeholders, the local governments should develop a Sustainable Development Strategy (SDS) as integrated local strategies. SDS should be based on better data, information collection, and mapping, in addition to a wide and balanced representation and participation of stakeholders aiming to sustain development.

VULNERABLE GROUPS IN KARLOVAC COUNTY

This analysis draws on both primary and secondary sources. The latter include statistics provided by reliable official sources such as the Central Bureau for Statistics; the Croatian Chamber of Economy, County Chamber Karlovac; the Croatian Chamber of Crafts, Karlovac; the Employment Agency of Karlovac County in Karlovac and in Slunj; educational institutions; the Croatian Red Cross in Slunj; the Social Welfare Center in Slunj, and the cities/municipalities themselves. An assessment of the socioeconomic situation, the territorial characteristics, and institutional position in the Areas of Special State Concern, sponsored by the World Bank,⁴ was also a valuable source. Some contemporary documents have been used, such as ROP (Regional Operational Program) of Karlovac County; the Slunj, Rakovica, and Cetingrad Spatial Plans; their respective Economic Development Strategic Plans; and other available reports.

Wherever possible, contextual comparisons are made between the situation in the country as a whole, the county of Karlovac, the target area, and the three local governments individually. In order to obtain additional relevant information, the research also

included consultations with the responsible organizations, partners, and authorities at the regional and local level, field visits, and interviews.

The analysis showed that a severe depopulation in the selected area has created an aging population and reduced the working contingent and active component in the population. Income levels are considerably lower than the national average and the risks of a family being defined as poor are very high.

- One of the most vulnerable groups, elderly people living in remote villages, away from municipal centers, have the largest difficulty in accessing social services.
- The proportion of long-term unemployed and unskilled people in the unemployed pool is very high.
- The results of the 2001 population census and other secondary sources, a socioeconomic assessment commissioned by the World Bank, and a survey of businesses in the target area all confirm that the predominance of unskilled labor in the area is a major constraint on economic development.

The selected area includes the city of Slunj and the municipalities of Cetingrad and Rakovica, situated in the southeast of Karlovac County with a surface area of 802 square kilometers. According to the last census in 2001, the city of Slunj has 6,096 inhabitants, the municipality of Cetingrad has 2,746 inhabitants, and the municipality of Rakovica has 2,626 inhabitants. In total this is 11,468 inhabitants, of which 2,310 inhabitants (20 percent) are older than 65 and live in rural areas. To a large extent the city and municipalities have very poor infrastructure (roads, power, water).

It is very difficult to work on area development or to create a socially aware environment on the territories of Slunj, Cetingrad, and Rakovica due to the following reasons attributed to the Balkan wars of the 1990s:

- unemployment as a result of destroyed production enterprises and
- devastated agricultural infrastructure, cattle, farming equipment, and private houses as well as the problem of unresolved ownership disputes.

This has contributed to the fact that older population has remained in the area whereas young families have decided to leave because of the socioeconomic barriers.

Considering the increased local government responsibilities that have come with decentralization, hopefully decentralization will influence all these issues that limit development at the local level and will contribute to the improved socioeconomic development of Croatia as a whole.

But the economic life of the poor is different from the economic life of the non-poor in many ways. Apart from insufficient income and a lower level of education, the living conditions of the poor are significantly different from those of the rest of the population.

Poor people's houses have fewer square meters per person, and they are more often cut off from basic utilities (electricity, water, sewerage systems) and social services.

In the selected area there are some specific characteristics of family and social networks, similar to social life of other South Eastern European countries, which are characterized by a strong family tradition and relatively low participation in formal types of social activity (membership of various organizations and associations).

The density and nature of networks in which the poor participate differ in urban and rural areas. In rural environments, social networks are based on broad ties among relatives and neighbors.

The poor often appear as "outsiders" on the labor market, meaning that, due to low levels of education and poor skills, they are unable to make use of the opportunities economic growth presents. Until now, it has been those persons who are already employed that have profited from growth, that is, people who have succeeded in keeping their jobs, while growth has had a neutral effect on the unemployed. The social security system cannot compensate for the unequal distribution of wealth created via economic growth.

BACKGROUND

In the recent years, economic and social cohesion has become one of the European Union's priority objectives. By promoting cohesion, the European Union is encouraging harmonious, balanced, and sustainable economic development; the development of employment and human resources; environmental protection and upgrading; and the elimination of inequality and the promotion of equal opportunities.

As Croatia moves through the process of European integration, aggregate economic growth may not necessarily benefit poor or marginalized people, particularly those persons living in isolated communities affected by Balkan wars. With the focus now on EU accession and legislative and reform requirements at the central level, regions designated as Areas of Special State Concern to the Croatian Government (that is, areas that are suffering the effects of the war from the early 1990s) will likely continue to fall behind. This risk was pointed out in annual European Union progress reports for 2004 and 2005.

Efforts should be made to ensure that particularly vulnerable individuals and social groups at risk of exclusion are targeted. The outcome would contribute to the achievement of National Millennium Development Goal 1, the reduction of relative poverty, and it will support the Government's efforts to meet key accession requirements of the European Union, in particular, the preparation of the Joint Inclusion Memorandum and actions and reforms emerging from the screening and accession negotiation process. According to the UK Department for International Development (DFID),⁵ there

is little absolute poverty in Croatia; however, the country has very high levels of wealth disparity and social exclusion exists, particularly between rural, war-affected areas and commercial centers.

Figure 1.
Croatia and Karlovac County (in Dark Gray)



Development disparities across Croatian regions remain large, despite solid overall economic growth. The Areas of Special State Concern, heavily damaged during the 1991–1995 war, suffer most from underdevelopment. Many communities in those areas are remote and offer limited access to education and social services, employment opportunities, and basic community infrastructure. The war increased the socially vulnerable population in Croatia, especially internally displaced persons, refugees, returnees, veterans, war invalids, and the families of dead and missing.

The selected local governments of the city of Slunj and municipalities of Rakovica and Cetingrad in Karlovac County (see Figure 2) were chosen because they are located in the Area of Special State Concern and have a high percentage of refugees and returnees and a high concentration of people belonging to vulnerable populations.

Figure 2.

Karlovac County and the Selected Areas of Slunj, Rakovica, and Cetingrad (in Gray)



Karlovac County

Karlovac County is a regional government unit with its center in the town of Karlovac. It is situated in the central part of Croatian state territory and covers an area of approximately 3,622 square kilometers, making it one of the largest of 20 counties in Croatia. Because of its transit, transport, and geostrategic position, Karlovac County is one of the most important counties in the whole country. Karlovac is an intersection and major junction of the most important roads between Europe and the Adriatic coast.

Karlovac County borders the Republic of Slovenia and the Republic of Bosnia and Herzegovina, and is also contiguous with four other counties: Zagreb County, Sisak–Moslavina County, Primorje–Gorski Kotar County, and Lika–Senj County. The population of the county (according to the census of 2001) is 141,787 people.

It has 22 local government units; five of these units have the status of town (Karlovac, Duga Resa, Ogulin, Ozalj, Slunj), and 17 the status of municipality (Barilovic, Bosiljevo, Cetingrad, Draganic, Generalski Stol, Josipdol, Vojnic, Kamanje, Krnjak, Lasinja, Netretic, Plaški, Rakovica, Ribnik, Saborsko, Tounj, and Žakanje).

The northern half of the Karlovac County is more developed, while the southern half is less developed and is designated an Area of Special State Concern. On the basis of the Act on Areas of Special State Concern, such an area can be classified in three ways. The first and second group are determined by damage from the 1991–1995 war. Assessment was carried out on the basis of the following four criteria:⁶

- *Economic development criteria* identify areas that are economically underdeveloped; development indicators include per capita income, local self-government units' revenues, etc.
- *Structural criteria* identify areas with noticeable unemployment problems and industrial and agricultural restructuring; indicators include employment and unemployment statistics and special indicators for urban and rural development, etc.
- *Demographic criteria* identify areas with noticeably unfavorable indicators; demographic indicators include population density, general mobility of population, vitality index, age and education structure, etc.
- *Special criteria* are applied to border municipalities that have faced additional difficulties due to the change of the old republic border into a state border, and some municipalities have heavily mined areas and do not meet the criteria for the classification into the first two areas.

The starting point in the establishment of the above criteria applied at the EU level is the implementation of a structural policy.

In Karlovac County, the following areas were entirely assessed as underdeveloped and include: the city of Slunj, the municipality of Cetingrad, the municipality Rakovica, and the municipality Vojnić.

After decades of immigration, the drastic decline in the number of inhabitants of Slunj, Rakovica, and Cetingrad that occurred between 1991 and 2001 was mainly due to economic factors. The migration was from these relatively poor and underdeveloped areas to others with better opportunities for employment, or abroad. The 1991–1995 war also contributed to the depopulation (casualties and emigration).

Table 1.
Karlovac County's Cities and Municipalities, Areas, and Population

	Area		Residents			
			1991 Census		2001 Census	
	km ²	%	No.	%	No.	%
Karlovac County	3,644	100.0	184,577	100.0	141,787	100.0
Towns	1,573	43.2	124,487	67.4	100,591	70.95
Karlovac	396	10.9	73,583	39.9	59,395	41.90
Duga Resa	58	1.6	14,088	7.6	12,114	8.54
Ogulin	542	14.9	16,732	9.1	15,054	10.62
Ozalj	176	4.8	9,988	5.4	7,932	5.59
Slunj	401	11.0	10,096	5.5	6,096	4.30
Municipalities	2,071	56.8	60,090	32.6	41,196	29.05
Barilović	183	5.0	4,529	2.5	3,095	2.18
Bosiljevo	111	3.1	2,598	1.4	1,486	1.04
Cetingrad	141	3.9	4,758	2.6	2,746	1.93
Draganić	73	2.0	3,404	1.8	2,950	2.08
Generalski Stol	100	2.7	3,833	2.1	3,199	2.26
Josipdol	168	4.6	4,850	2.6	3,987	2.81
Kamanje	15	0.4			1,018	0.72
Krnjak	115	3.2	3,204	1.7	2,164	1.52
Lasinja	86	2.4	2,821	1.5	1,938	1.37
Netretić	109	3.0	5,437	3.0	3,333	2.35
Plaski	158	4.3	4,317	2.3	2,292	1.62
Rakovica	261	7.2	4,108	2.2	2,623	1.85
Ribnik	40	1.1	1,060	0.6	583	0.41
Saborsko	132	3.6	1,501	0.8	860	0.60
Tounj	95	26.1	1,695	0.9	1,252	0.89
Vojnić	239	6.5	8,236	4.5	5,495	3.88
Žakanje * with the area of Kamanje municipality	45	1.6	3,739	2.0	2,175 *3,193	1.53 *2.25

Local Government Legislation

Current legislation defines the following activities of local governments (cities and municipalities): housing, spatial and urban planning, communal services, child care, social welfare, primary medical care, primary education, culture and sport, consumer protection, environmental protection, fire protection and civil protection, and local development. The local government units raise their revenues from taxes (income, profit, and property) and other sources such as communal fees.

Social Service Legislation⁷

The social security system in Croatia consists of a retirement and health system, social protection of the unemployed, family policy, and a system of social assistance and social welfare. In the attempt to heal and overcome the consequences of the war, there has been broad intervention by the government regarding the welfare of internally displaced persons, refugees, returnees, veterans, war invalids, and families of the dead and missing.

In general, after the war, the socially vulnerable population in Croatia increased and government intervention grew, so that there have been considerable increases in the government's social expenditures. In preparation for economic development and European integration, the government is attempting to restructure the social sector, reduce its expenditures, or partially transfer them to citizens and civil society.

General Background of Local Economic Development (LED) Planning in Croatia

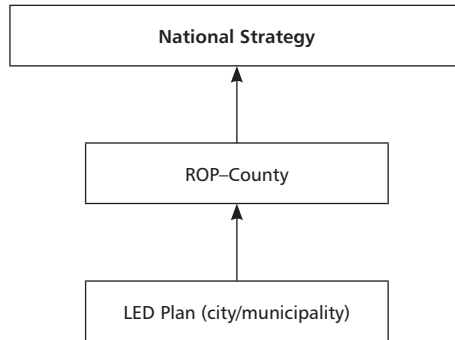
The lowest tier of the planning hierarchy in Croatia is a LED plan. Whether prepared for a single local government or for a group of local governments, it should align with the tier above, the county-level ROPs (Regional Operational Programs). LED planning is a community-based process which involves the entire community; representatives of the public and private sector, and civic organizations

It defines the critical issues and recommends specific, high-priority interventions for implementation during a period of five years.

LED plans represent a resource of justified and prioritized project proposals and ideas, which were developed in a transparent and participatory process, for inclusion in the ROPs.

In principle, investment resource allocation should be based on LED plans at the local level, and grants from county level should be allocated according to ROP.

Figure 3.
Local Economic Planning in Croatia



SLUNJ, RAKOVICA, AND CETINGRAD

The city of Slunj and municipalities of Rakovica and Cetingrad in Karlovac County are located in an Area of Special State Concern. Their populations include high concentrations of people considered vulnerable. The war in Croatia from 1991 to 1995 resulted in the destruction of the economy and infrastructure of the local governments in these areas and placed them in a very difficult situation. Many people departed the areas then, leaving some settlements without any inhabitants. Those people who remain face barriers to social and economic achievement due to the poor development of the economic potential of the area's human resources, which is adversely affected by low levels of education and technical skills.

The proportion of unemployed people who have been unemployed for more than one year, the proportion of the unskilled, and the proportion in the age group 45–50 are particularly high in the target area. These people are likely to be excluded from the labor market and even if new jobs were created in the area, it is unlikely that they would benefit from them. The following categories have specific development needs: people living in smaller and more remote settlements, the long-term unemployed, the unemployed 45–50 years of age, the unskilled unemployed, unemployed young people who have left school, and the elderly.

History of Slunj and Surrounding Municipalities

The city of Slunj was founded as an administrative unit in 1993, after Rakovica and Cetingrad were separated to become independent municipalities. After the separation, these three local governments retained their links and established a cooperative and

working relationship. The city of Slunj is usually the initiator of cooperation, including *ad hoc* meetings on issues of shared interest.

Areas of Attempted Cooperation

In 1996, the city of Slunj, together with the neighboring municipalities of Cetingrad, Rakovica, Korenica, Saborsko, and Plaški, attempted to found a new county, Plitvička Jezera, which gathered together the then war-affected areas of Karlovac County. The objective was to solve the problems of these areas in a systematic and continuous manner and advocate for their interests within the national political and territorial landscape. This project did not succeed because the county system and borders had already been established in Croatia, and it was impossible to change them.

SUMMARY ON POPULATION IN THE SELECTED AREA

According to the 2001 Census, Karlovac County has 141,787 inhabitants, some 3.2 percent of the population of Croatia. The majority of the inhabitants are concentrated in the towns (71 percent), most of them in Karlovac, while only 30 percent of inhabitants live in the rural municipalities. The southern areas and areas along the state borders have the smallest number of inhabitants (one to two inhabitants per square kilometer). The number of inhabitants in Karlovac County fell by 23 percent between 1991 and 2001 (see Table 2). All towns and municipalities recorded a fall in the number of inhabitants, and in some cases numbers have been halved (e.g., the municipalities of Rakovica and Cetingrad).

Spatial Distribution and Change

Table 2 makes a comparison of the population density of the country, the county, and the three local governments. It also allows comparison of the average settlement size in Karlovac County and the three local governments. Population density is a good indicator of the wealth of human resources. The degree of dispersal or concentration of the population has an important bearing on the costs of providing basic public services. The number and average size of settlements is a useful indicator of the degree of dispersal or concentration. At 9.14 persons per square kilometer, Rakovica has the lowest density in the target area.

Table 2.
Population Density of Croatia, Karlovac County, and its Towns

Territory	Population 2001	Area (km ²)	Population density (pop./km ²)	Number of settlements	Average settlement size (number of inhabitants)
Croatia	4,437,460	56,600	78.40	6,742	658
Ka County	141,787	3,644	38.69	671	208.83
Slunj	6,096	401	14.29	67	91
Rakovica	2,623	261	9.14	27	97.15
Cetingrad	2,746	141	20.05	36	76.28

Source: Population Census 2001.

The table also shows that the small population in each local jurisdiction is dispersed among many settlements, especially in Cetingrad and Rakovica. The most important settlements in the target area have been developed along the main road. Until 2005, it was the only road leading to the Adriatic Coast and its importance was enormous. However, the National Zagreb–Split Highway opened in 2005, and as a consequence the area lost its importance, because the majority of travelers now use the new highway.

Population change indicates whether the human resource base is improving or declining. It is also an important indicator of future trends because a change in numbers is often also associated with a change in the age/gender structure that will have repercussions on future trends.

Table 3.
Population Change in Croatia, Karlovac County, and its Towns

Municipality	Population		Change	
	2001	1991		Percent
Croatia	4,437,460	4,784,265	-346,805	-7.25
Karlovac County	141,787	184,577	-42,790	-23.18
Slunj	6,096	10,096	-4,000	-39.62
Rakovica	2,623	4,108	-1,485	-36.15
Cetingrad	2,746	4,758	-2,012	-42.29

Between the 1991 and 2001 censuses, a decrease of 7,497 inhabitants was recorded in the selected towns. At the same time, a trend has appeared where people have left the area due to hard living and working conditions. Some returnees still have not decided to resettle for good, and they may spend part of their time in other places or municipalities where they are registered as permanent inhabitants. Therefore, the data may not reflect the reality of just how many people live in the selected area. The fact remains that the population has decreased in comparison to 1991. This drastic decline is the result of the war and emigration, even though some displaced persons are returning to their homes.

Depopulation and Negative Population Growth

The selected area has all the demographic characteristics of those areas that the World Bank describes as heavily abandoned municipalities with very low population density, highly dispersed settlement pattern, severe depopulation, and a very high proportion of pensioners. It is characterized by a weak demographic structure (high proportion of elderly, low labor potential, low population density, dispersed settlement pattern, and remoteness).

The most important demographic trends in the area are the decline in the number of residents and the aging of the population. The smallest and most vulnerable settlements are those in the southern areas and in border areas, which have an average population density of one to two residents per square kilometer.

Over the last decade and largely as a result of the war that engulfed the target area, it has lost almost half of its 1991 population.

Aging of the Population

The migration has been age selective—a larger proportion of the young, war-related emigrants settled in new locations and did not return, the area losing a significant part of its active human resources. The majority of the returnees are elderly and this is reflected in the advanced aging of the population. Age-structure indicators are average age, the proportion of the population of pension age, and the labor potential rate (proportion of the population between the age of 15 and 65).

Relatively High Percentage of Disabled Persons

The most frequent causes of disability are: sickness and accidents on the job (disabled workers) and veterans with injuries sustained during the war in the 1990s. The majority of disabled veterans are aged between 25 and 50.

STIGMATIZED AND VULNERABLE GROUPS

Although there are many categories of vulnerable groups to be considered in the area, this chapter concentrates on the long-term unemployed, once it has identified the main socially disadvantaged groups.

Overlapping is a common feature of categories of vulnerable groups. For instance, an elderly person can at the same time be an inhabitant of a remote settlement, elderly with a small pension, and a returnee.

Inhabitants of Smaller and More Remote Settlements

The analysis shows that inhabitants of households made up of elderly persons living alone, of smaller settlements, and those that are more remote from municipal centers are at a disadvantage.

The elderly who are most in need of healthcare services are also more likely to be living in those settlements without such public services.

For example, the indicator for housing quality showed that the majority of the people not receiving essential services like piped water and electricity are poor elderly people living in remote villages.

Socioeconomic conditions are such that the economic opportunities and income levels of the widely scattered population in such remote areas are significantly lower than in centers.

Highly-dispersed villages with a low number of inhabitants are a real challenge for organizing a normal and good quality life.

Elderly and Disabled Persons

The selected area is characterized by a large number of elderly households which, in addition to the provision of material assistance, need adequate care due to their poor health. In the Areas of Special State Concern there are many persons using their right to an allowance for care of a dependent. Similarly, increasingly noticeable is the need for the accommodation in some social care institution, foster family, or for extra-institutional forms of care and help.

The development of extra-institutional forms of care intended for the elderly population living alone and with poor health proved to be the most adequate solution. The activity was organized within the homes of the elderly and disabled persons by the Civil Societies of the Red Cross, with cooperation of social care centers and towns and municipalities.

The Institute for Healthcare at Home in Karlovac is an important organization addressing the care requirements of the elderly and disabled. This institute, through an efficient and relatively inexpensive form of health protection, takes care of many of these beneficiaries.

Box 1.

A Personal Story in Cetingrad

Mara (44) and Marko (56) live in the Cetingrad settlement of Tatar Varos, in a small house together with their three daughters (14, 18, and 20). Their only source of income is HRK 1,800 of social welfare.

Mara has been mentally ill since she was a teenager and Marko is handicapped. He fell over a bridge when he was 15 and was in coma for 56 days. He survived and went on to complete secondary school. He worked in the local factory assembling TVs for 22 years. During the war the factory went bankrupt and he was fired. Marko qualified for a certain amount of money that he received for several months, and then the family was left with no income at all.

A social worker from the Social Welfare Center came to their house and told them that they had two options. First, without any income, the center would take custody of their three daughters, or they could get HRK 1,800 per month as social welfare (as long as Marko is alive) but under one condition—to put a mortgage on their house. They could not even consider the first offer so they agreed on the second. Marko has no idea what will happen to his family and to the house when he dies. The head of Social Welfare Center in Slunj assured me that this is only formality to ensure that he will not sell the house. They say that as soon as the oldest daughter finishes school and finds a job she will have to start supporting them.

The family is very poor; still their children are excellent students. Their eldest daughter studies catering in Karlovac, the middle one is a Slunj high school student, and the youngest attends a primary school. Marko is aware of the importance of education and gives all the money he can to his daughters' education. If he won a lottery, he says, he would give all the money to them to enable them to go to school as long as they wish and to pay for their driving lessons.

The house in which they live is in a poor condition, they do not have enough furniture, there are many needs, and still they decided to sell one of their two cows in order to have money for their daughter's promdress.

Elderly with a Small Pension or without a Pension

Pensioners and the elderly often feel abandoned and cast aside, especially if their children have left the area. Most pensioners living in villages are still engaged in extensive agriculture since this is a traditional way of life. This also helps them to improve their financial situation, so we can say that living in rural areas has its advantages when it comes to supplementing an income with agriculture and farming. In urban areas there are no such opportunities; pensioners can only rely on their pensions and in some cases on social welfare.

For pensioners living in both rural and urban areas, some gathering place where they could get a cup of cheaper coffee or juice, where they could associate with others or have cultural and entertainment activities would be of great help. They would need outside aid for organizing these activities, but they are ready to take an active part. Some pensioners are also interested in activities that are for the benefit of the whole community.

Returnees from the Territories of the Former Yugoslavia

Returnees from the territories of the former Yugoslavia are mainly persons over 50, returning to locations that are insufficiently connected with the road network and poorly settled. Such living conditions are inadequate for families with children. The returnees are mostly of older age because they did not have any other choice or opportunity elsewhere. Also many of returnees were entitled to receive a pension in Croatia.

Table 4.
Number of Serbian Returnees 2001–2006

Year	City/ municipality	Total	Croats	Serbs	Others	Number of Serbian returnees 2001–2006
1991	Slunj	10,096	6,386	3,151	559	933
2001		6,096	5,305	575	216	
1991	Cetingrad	4,758	2,986	1,190	582	153
2001		2,746	2,105	145	496	
1991	Rakovica	4,108	2,719	1,199	190	75
2001		2,623	2,387	94	142	

Source: Committee for Human Rights, Karlovac, March 2007.

Disabled War Veterans

The rights of Croatian veterans of the 1991–95 war and members of their families are regulated by special regulations. Beneficiaries include parents, widows, and children of killed soldiers; disabled veterans, persons affected by the post-traumatic stress syndrome, as well as currently serving Croatian soldiers and members of their families. Two associations also represent veterans of the war: HVIDRA, with a membership of war invalids, and UHDDR, with a membership of war volunteers.

Young People Who Have Left School

Young people are included in some form of activities while attending schools, but once they finish school they are often jobless and left on their own. There is a very limited choice for high school education in the area: the only high school is in Slunj, and the City Vocational Center that provided mostly computer and foreign-language courses recently closed down because it was unprofitable with five employees and an insufficient number of students.

With almost no community places for social gatherings and activities, youth spend most of their free time in coffee shops and pubs. Respondents expressed a common belief that the lack of space and activities leads to alcohol and drug abuse, passivity, and demoralization. Like adults, young people also are unprepared to take their own initiative and expect that “somebody” should provide them with space and activities. What attempts are made rely on active individuals who do not accept the status quo.

The youngest jobseekers face a difficult labor market and often are unqualified. More and more young people have decided to leave their communities in order to seek jobs in urban areas.

Long-term Unemployed

For the long-term unemployed (unemployed for more than one year), it is far more difficult to find a job, and this chapter concentrates on their exclusion from the labor market. More than half of the registered unemployed have been unemployed for over twelve months and they represent an especially vulnerable group of people.

If a person is unemployed for a short period of time, it does not necessarily mean that such a person will become poor or socially excluded. On the other hand, somebody away from the labor market for more than one year is at higher risk to become chronically poor and to suffer the social consequences. The longer a person is unemployed, the fewer are his or her chances to find a job because employers prefer to hire people with immediate experience.⁸

The structure of the registered unemployed indicates that long-term unemployment is increasingly evident for older workers and they comprise an increasingly large percentage of the long-term unemployed. They have limited knowledge and skills available to them, and it is very unlikely that these people would be able to benefit from new job creation without additional training and support. Some are without any education, and most have little or no experience in seeking and finding employment. Many of them have withdrawn from the workforce for various reasons and most seek employment infrequently. The rate of employment for this age group (over 45 years of

age) is very low, and while young persons are entering the work force late, older persons are leaving it early.

The psychological impact of long-term unemployment on both employers (who are reluctant to hire such a person) and on possible employees (who stop believing that they will ever find a job) is also a significant problem. Older unemployed people who have a low level of education, poor skills, and no computer literacy will most likely not be competitive and will remain unemployed. As a result, such people not only suffer from a lack of money but also have poor access to health services and social connections. Limited resources prevent people from seeking employment, which tightens a vicious circle.

An unemployed person who registers with the Croatian Employment Office is entitled to receive unemployment benefits. However, in order to get such benefits, a person should have a history of previous employment and have paid unemployment contributions. According to these two preconditions, the period of unemployment benefits can be from 13 weeks (for nine months of payment of contributions within past two years, to 65 weeks in the case of 20 or more years). The maximum unemployment benefit is HRK 1,000, a very low amount, helpful only if a new job is found soon. After a certain period of time welfare assistance remains the only source of income for people unable to find a new job.

Profile of the Long-term Unemployed—Gender

Table 5 shows the latest official records of unemployment in the city of Slunj and in municipalities of Rakovica and Cetingrad, by gender. It indicates that the labor market of Slunj, Rakovica, and Cetingrad favors male workers.

Table 5.
Unemployment and Gender in Slunj, Rakovica, and Cetingrad

		Number of unemployed for 24 months and longer
City of Slunj	Total	202
	Women	142
Rakovica municipality	Total	42
	Women	29
Cetingrad municipality	Total	106
	Women	66

Spatial Analysis of Long-term Unemployed—Regional Inequalities

Research shows that there are geographic differences of spatial concentrations of the selected vulnerable groups. Disadvantaged people are not equally concentrated, indicated in the tables in the appendices.

Figures 4, 5, and 6 are created based on collected information on certain categories of groups of vulnerable people from the area (long-term unemployed). The maps show the spatial distribution of identified long-term unemployed people in the respective areas. The exact numbers are presented in the appendices. One dot equals one long-term unemployed person.

Figure 4.

Spatial Distribution of Identified Long-term Unemployed in Rakovica



Figure 5.
Spatial Distribution of Identified Long-term Unemployed in Slunj

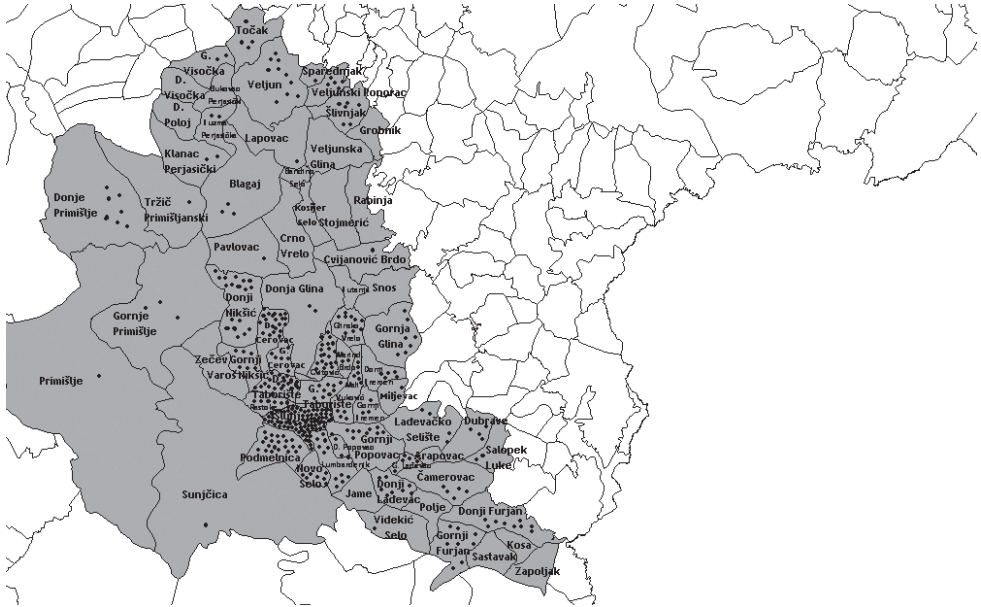


Figure 6.
Spatial Distribution of Identified Long-term Unemployed in Cetingrad



LONG-TERM UNEMPLOYED IN THE LED PLANNING PROCESS

Overview of Community-based LED Strategic Planning

Community-based LED strategic planning in Croatia should include the following aspects:

- Initiating and agreeing to strategic planning activities
- Organizing a public-private task force for planning
- Distributing information about the process and inviting the public to participate
- Economic scan and business survey
- SWOT analysis
- Identifying strategic issues
- Selecting critical strategic issues
- Developing action plans to address strategic issues
- Preparing the LED strategic plan
- Adopting the plan by the city council
- Implementation, monitoring, and updating the strategic plan

LED Planning in the Selected Area

All three LED plans in the selected areas addressed local economic development from a community perspective by bringing local government, business leaders, and civic leaders together in a task force, a group consisting of local representatives from the private and public sectors and civic organizations, and they are all involved in the planning process. However, all three LED plans were developed without including representatives of vulnerable groups, so the task force consisted of representatives from just a few settlements. Local strategy projects prefer to invite local businesses and civil society organizations and to involve various business associations rather than inexperienced groups in their LED projects. Moreover, the limited time-frame of most donor-supported projects does not allow for in-depth research or for identifying diverse needs and interests.⁹ If a participatory process is to be used for drafting strategy, only the balanced participation of stakeholders can assure equitable outcomes.¹⁰

This research wanted to promote a comprehensive community-based approach as a more sustainable alternative to the current project-driven practices.

Slunj, Rakovica, and Cetingrad LED Plans

A short analysis of each of the official LED plans, i.e., EDSPs (Economic Development Strategic Plans), of Slunj, Rakovica, and Cetingrad appear in the Appendix to this chapter. They were developed and adopted by their respective councils in 2003, as a result of a participatory planning process.

But the main criticisms of the LED plans are as follows and elaborated below:

- 1) They seriously limited inclusion and participation of various groups, meaning that the whole community was not included in its development and the needs of vulnerable groups were neglected.
- 2) There was insufficient assessment of conditions and needs, not enough information and data collected, no mapping, and no surveys performed.
- 3) They were not based on the principle of sustainable development, instead focusing on some potential economic drivers while neglecting social consequences).
- 4) There was no responsible entity established for implementing and monitoring the plans. As a consequence, there are no significant outcomes.

Inclusion

Due to the seriously limited inclusion of various groups, the actual degree of participation was limited as well. All three plans were developed by public-private task forces but without the participation of identified vulnerable groups. In the beginning the task forces consisted of the required stakeholders—such as local government officials, city/municipality council members, school and other education institutions' principals, citizens' groups, representatives of Social Welfare Centers, Red Cross and Job Centers, as well as representatives of private business and NGOs—but due to the busy schedules of entrepreneurs, only a few of them remained on the task forces, leaving task forces with mainly city or municipality administration staff. The composition of the task forces was such that in Cetingrad there were five public, five private, and one civil sector representative; in Rakovica five public, three private, and one civil sector representative; and in Slunj 15 public, five private, and five civil sector representatives.

However, public and private sector representatives were almost from the same settlements, and as there was no organized civil society in the area in the form of a NGO, the civil sector was represented by randomly invited individuals who had no insight and knowledge of different conditions in the various settlements.

Assessment

These LED plans do not tackle vulnerable groups' needs nor do they map or explore vulnerability and any possible interventions to create opportunities for vulnerable groups. There was neither enough time nor resources to include community groups in the process and to collect all relevant information. The local governments' data collection was minimal, excluding any alternative data collection tools such as focus groups.

Strategic decisions are based on information. Strategic planning for economic development starts by gathering information about the economy and factors affecting economic health. This is an analytical process called an *economic scan*. It uses hard statistics (such as production, trade, import and export, unemployment rate, etc.) as well as softer information from interviews and surveys about the local economy and the community. Information describing the current situation is called the baseline data, and it represents the starting point for the LED plan. Neither of the three LED plans collected enough relevant data, especially based on surveys and interviews, so later, when the task force focused on more in-depth SWOT analysis and on specific topics, the critical strategic issues, there was a concern whether these and other steps in the planning process were accurate enough.

Although there has been an increase in the number of persons in social need in the selected areas, there is no municipal social map, i.e., reliable data on numbers, categories, and needs of socially threatened groups. If we want to see that economic and social development is spread more evenly throughout the selected rural areas and the remote and geographically isolated communities, a new planning approach addressing spatial imbalance should be adopted.

That this failed is obvious in that the total number of unemployed increased from 1,197 in 2003 to 1,265 in 2006.

Table 6.
Total Unemployed in 2003 and 2006

	December 31, 2003	December 31, 2006
Cetingrad	363	385
Rakovica	186	217
Slunj	648	663
Total	1,197	1,265

Table 7 shows that there is an increase of persons unemployed for 24 months or longer in all three local governments, 206 more compared to 2003.

Table 7.
Total Unemployed for 24 Months or Longer in 2003 and 2006

	Total Slunj, Rakovica, and Cetingrad	
	December 31, 2003	December 31, 2006
Unemployed for 24 months and longer	144	350

Taking into consideration very high levels of long-term unemployed, and in order to reduce the number of people who may become unemployed for the long term, economic growth and economic development planning should be more comprehensive. By tackling unemployment, and especially long-term unemployment, social exclusion and poverty will be reduced and a more inclusive society will be built.

Implementation

There was no responsible entity for implementing and monitoring the plans. As a consequence, there have been no significant outcomes. There are some initiatives, but there is no systematic implementation and/or monitoring of implementation.

So, in sum, the resulting LED plans were neither strategies based on a comprehensive view nor integrated strategies, and nothing was done to include the interests of the whole population.

Other Plans in the Area

In 2003, LED, i.e., EDSP, was the only plan developed in Slunj, Rakovica, and Cetingrad. Since then some other plans have been developed in the area. However, these plans (the Comprehensive Development Project or PUR and spatial plans) do not link to the existing LED plans and do not create any new conditions or frameworks. On the other hand, the Karlovac County ROP has been developed in a more comprehensive way, and it is the county socioeconomic development program which should tackle the issue of vulnerable groups, and that should be a mode for development of the new LED plans.

Comprehensive Development Project (PUR)

At the beginning of 2005, the city of Slunj and the neighboring municipalities of Cetingrad, Josipdol, Plaški, Rakovica, Saborsko, and Tounj signed a contract with a project developer, a private consulting company “Hrvatski farmer” d.d., on the joint development of a Comprehensive Development Project (PUR) to promote sustainable regional and rural development. The joint approach to the development project in the overall development of the region is based, above all, on the fact that these local governments are connected by the same economic and spatial conditions, but in addition to their regional similarities, each local government also has its specific advantages and conditions. The main emphasis of PUR is on rural development of the area, but it did not produce any strategies.

Spatial Plans of Slunj, Rakovica, and Cetingrad

The development of all three spatial plans was financed by the respective local governments. The plans were developed by a group of experts and are not the result of a participatory planning process.

The Slunj and Cetingrad spatial plans were developed in 2006 by a private company, ADF d.o.o., Karlovac, while Rakovica’s spatial plan was developed in 2005 by the Institute for Space Arrangement and Protection of the Environment, which is an administrative department of Karlovac County.

Economic development programs are prepared with little or no reference to physical planning; some physical planners only recently started consulting studies and planning documents that deal with economic development. Unfortunately, it was not the case here, so there is no link between spatial and LED plans.

Regional Operational Program or ROP

The Regional Operational Program of Karlovac County is a basic strategic development document for the period until 2012. ROP is a key instrument that will be used by a county government and its citizens to initiate and accelerate economic development and social welfare improvements.¹¹

The ROP is an operational plan and requires significantly more detailed project development and documentation than does an EDSP, a strategic plan that focuses primarily on economic development. The ROP is an operational plan, as opposed to a strategic plan; it addresses a full range of economic, community, and social development; and it goes further, partially during the implementation phase, into detailed project development and documentation.

Given the role that ROPs will play in the allocation of significant amounts of funding, it is clearly in the interest of every county to have one. It is also clearly in the interest of local governments to submit their EDSPs and well-developed project proposals for consideration and to participate actively in the ROP process. Where the ROP has already been completed and adopted, it will be revised and updated every two years (mid-term review) to include new project proposals. Therefore, it is not too late to submit EDSPs and project proposals for consideration within any ROP process.¹²

Following the European Commission initiative, between May 2004 and October 2005, Karlovac County was working on its ROP as a strategic development program. It is a comprehensive, socioeconomic development program for the county in the period 2005–2012. It is the first comprehensive program that has been devised for the county by the county and its stakeholders (primarily represented by the Regional Partnership Committee established at the beginning of the ROP preparation period in 2004). Preparation involved numerous meetings with individuals and groups of local stakeholders and the formation of a Regional Partnership Committee (representatives of the private and public sector, and civil society).

Based on the vision for the county, the following goals have been identified through dialogue and cooperation between all key stakeholders in the county:¹³

- 1) creation of the preconditions for economic development,
- 2) sustainable management of natural resources and the promotion of environmental protection, and
- 3) improving the quality of life of vulnerable groups, the education system, as well as the development of civil society.

The third goal is a general and strategic, albeit not a less important one than the others. We can actually look at it as a consequence of the previously listed goals, as the analysis has shown that there is vulnerability in the sector of health and social protection. A strong cooperation of all sectors (public, civil, and private) is thus called for in order to secure better possibilities for achieving social security, education, and an inclusion of citizens in reaching the decisions relevant for society. Given the achievement of economic prosperity and sustainability, all of the things mentioned above will contribute to an increase in the quality of life to a level satisfactory for all the inhabitants.¹⁴

Equal Opportunities Strategy¹⁵

Karlovac County will ensure an appropriate gender balance and representation from key civil society organizations within the institutional structure chosen to manage the implementation of the ROP. Furthermore, equal opportunity (EO) objectives will be

implemented in each priority area through the supported activities. This will be done by examining how project sponsors intend to implement EO objectives within their projects submitted for support through the ROP. The intention is to “mainstream” EO objectives as much as possible. The ROP will promote equal access for all to the education, training, and employment opportunities offered by the ROP regardless of gender, disability, or ethnic origin.

Human Resources Development Strategy for Karlovac County (2006–2012)

The Human Resource Development Strategy (HRDS), as a natural and logical continuation of the ROP, has been drawn to support employability and human resource development activities in Karlovač County. This document was designed in the frame of the project CARDS 2004—Local Partnerships for Employment, Phase 2.¹⁶

HRDS runs for seven years: from 2006–2012 and is designed to add value to Karlovač County to achieve more employment opportunities, better job quality, and create more job places for all. The systematic implementation of various activities of HRDS should tackle the five main priorities set out in the strategy and achieve the main HRDS objective: by 2012, Karlovač County will have the highest employment rate in Croatia by applying life-long learning, respecting equal opportunities for all, using modern technologies, and following the principles of sustainable development.

The HRDS has been defined in accordance with actual guidelines of the European Employment Strategy as well as is directly connected with the Regional Operational Program 2005–2012, the National Employment Action Plan for the Republic of Croatia, and a draft version of the Operational Program for “Human Resource Development” 2007–2013. Applying this approach has allowed us to obtain logical linkages within the strategy and will also make it possible to undertake necessary activities to implement and develop the innovative employment and HRD policy in Karlovač County. This approach will also be used for the preparation of Karlovač County to effectively use EU means from pre-accession funds and the EU structural funds, once Croatia joins the European Union.

The strategy is also a response to current trends according to the European Union vision concerning human resources development, which is based on broad partnership approach and achievement of synergy effects in long-term perspectives.

CONCLUSIONS

So what went wrong? All three EDSPs were developed in a participatory planning process, yet they do not address needs of the whole community, particularly needs of vulnerable groups. Why did it happen? Why were vulnerable groups neglected in the process?

In 2003 LED strategic planning was something new to Croatian local governments. There was a little or no tradition of inclusive strategic planning. Inexperience, combined with time constraints, was probably the main reason that mistakes were made. Slunj, Rakovica, and Cetingrad EDSPs were developed in 2003 as a part of a donor-driven project with a limited time allocated for each phase of planning. Therefore, local leaders who initiated the whole process identified and invited relevant local stakeholders to be part of a task force. Such task forces represented the whole community without really having a sufficient insight and knowledge/awareness of needs at the micro level (level of various settlements). As there was no organized and strong civil society in the area, there was no time to establish a more balanced participation.

The timetable allowed only a few months for the planning process, which proved to be insufficient. No time was committed to community building for a proactive effort to make sure that representatives of all groups would be included in the planning process, nor was time made available for field surveys and analyses, to collect updated records, and to do in-depth research on vulnerable groups. So, only the available data on the national, county, or the local government level was used. This was probably the main reason why inequalities and deprivations remained hidden, and this explains why equal opportunity was unrepresented.

The insufficient capacity of the local governments is also an issue. Small local governments are commonly understaffed and usually their staff is not trained for development management or for performing additional assignments in new areas, especially in a tight time framework. As there was no joint database or an established network between all involved institutions to simplify the procedures, the local governments had difficulties in accessing information and in providing information to the public.

And finally, it may be that the local governments did not feel that they should be the ones to deal with the issue of vulnerable groups since social welfare assistance is provided from the central government. The issue of vulnerable groups went unrecognized as a multidimensional problem that requires coordinated assistance through a network of all relevant institutions and through a series of various policies.

ANALYSIS OF POLICY OPTIONS

Option A: Maintaining the Status Quo

The proportion of unemployed people who have been unemployed for more than one year, the proportion of unskilled, and the proportion in the age group 45–50 are particularly high in the target area. These people are likely to be excluded from the labor market; and even if new jobs were created in the area, it is unlikely that they would benefit.

Maintaining the current situation means further gaps in development of various parts of the city/municipalities, further depopulation of the area, and a further trend of young people leaving the area. Some remote villages will disappear.

Option B: Integrated and Comprehensive Approach and Inclusive Strategic Planning = Balanced Development

Including social justice and equal opportunities in SDS planning with the participation of representatives of vulnerable groups brings about balanced participation and takes into account the needs of the whole community. It means collection of relevant data, identification of vulnerable groups, and analysis including spatial clustering of groups and activities.

Strategies to actively involve vulnerable groups in the design, implementation and monitoring of LED planning enhance the development of programs which are flexible and fit for their purpose. The involvement of vulnerable groups' representatives can benefit local development programs which will take into account their needs, can help build confidence and skills and possibly provide opportunities and creation of jobs for those who are not active in employment.¹⁷

Developing comprehensive strategies that integrate social and economic policies will better target local needs, vulnerable groups, and will improve local government performance. Distribution of growth will be spread more equally across all population groups, so appropriately designed policies can prevent the further widening of inequalities. This will prevent further migration from the area and prevent depopulation.

RECOMMENDATIONS

Develop SDS instead of LED Strategic Plan; LED revision is only one part of the planning process

All three LED plans were developed for the period between 2003 and 2007, and as the environment has changed, it is now time for a new strategy. This time, using the existing LED plans as a starting point, sustainable development strategy (SDS) should be developed, among other reasons, to give an opportunity for inclusion of vulnerable groups in the planning process.

Improve the Process of Strategic Planning and Develop SDS

The main recommendations for improving the process of strategic planning in order to develop Sustainable Development Strategy follow:

- *Allow More Time for Planning*

Local governments should allow more time for the planning process in order to increase the degree of participation of all required stakeholders, to involve local community representatives, and to be able to do a better assessment of conditions and needs.

- *More Balanced Participation—Involvement of Local Action Group in the planning process*

SDS should be elaborated on the basis of a wide and balanced participation of stakeholders.

The city or municipality government that initiates the SDS process should invite, aside from representatives of business and the public and private sector, more representatives of the local community (i.e., settlements), so the Task Force has a broad community representation in the form of a Local Action Group which should take the views and opinions of different identified vulnerable groups on the social and development needs of the area.

Representatives of a local community (settlement) should be proportionally nominated to take part in the planning process.

Involvement of vulnerable groups in design, planning, implementation, and monitoring of the plans will help create partnerships and coordination among all sectors. Through cooperation between the educational and business sector, long-term unemployed can be included into labor market.

The involvement of village communities and local interest groups should not start in the middle of the process, but rather at the very beginning or even earlier by capacity-building efforts and by increasing public awareness of the whole process.

The involvement of socially excluded people can bring considerable benefits to job creation or local development programs by means of increasing the sensitivity and relevance of program planning; creating a resource to implement programs; providing job and other opportunities for those who are unemployed or otherwise not active in employment; and submitting employment measures to the critical review of those intended to gain from them.¹⁶

- *Better Assessment of Conditions and Needs*

SDS should be elaborated with better information collection and data mapping, along with a qualitative survey using questionnaires and focus interviews, necessary for socioeconomic, environmental, and infrastructure analysis.

Local governments should develop a up-to-date database on persons in social need. They should initiate and undertake participatory research on the social status and quality of life of vulnerable groups.

Task Force members should:

- Perform assessments of the social needs of vulnerable groups on the basis of analysis of statistical data related to their presence, the portion they represent of the general population, and their geographical distribution. Assess the social welfare situation by forming teams in the field for identifying the social and demographic situation, with special accent on social categories. This research should be participatory in collaboration with members of vulnerable groups.
- Do a qualitative and quantitative analysis of needs and degree of vulnerability. Create maps that reflect the distribution of vulnerable groups throughout the area. Based on the assessment of the need of social services, it is necessary to start planning indispensable services, and to develop intervention programs, in order to prevent and reduce the factors that feed vulnerability and social exclusion.

Overall, improving the quality of planning and implementation of social programs is needed to tackle poverty, and local governments should develop more inclusive and strategic social policies coupled to local development initiatives that target the most vulnerable and isolated social groups.

- *Develop a Comprehensive Local Strategy to Ensure Creation of Balanced and Sustainable Development*

Strategic planning should be more comprehensive and should address a full range of not only economic but also community and social issues (alleviation of poverty and of social exclusion). The job of the task forces should be extended to the local action group representatives. Local actions groups should act as the voice of the community and they should gather the opinions of different groups of people, including vulnerable groups. Results of their research should be added to the other

baseline data that was collected by other members of the task forces. Of course, it requires much more planning time.

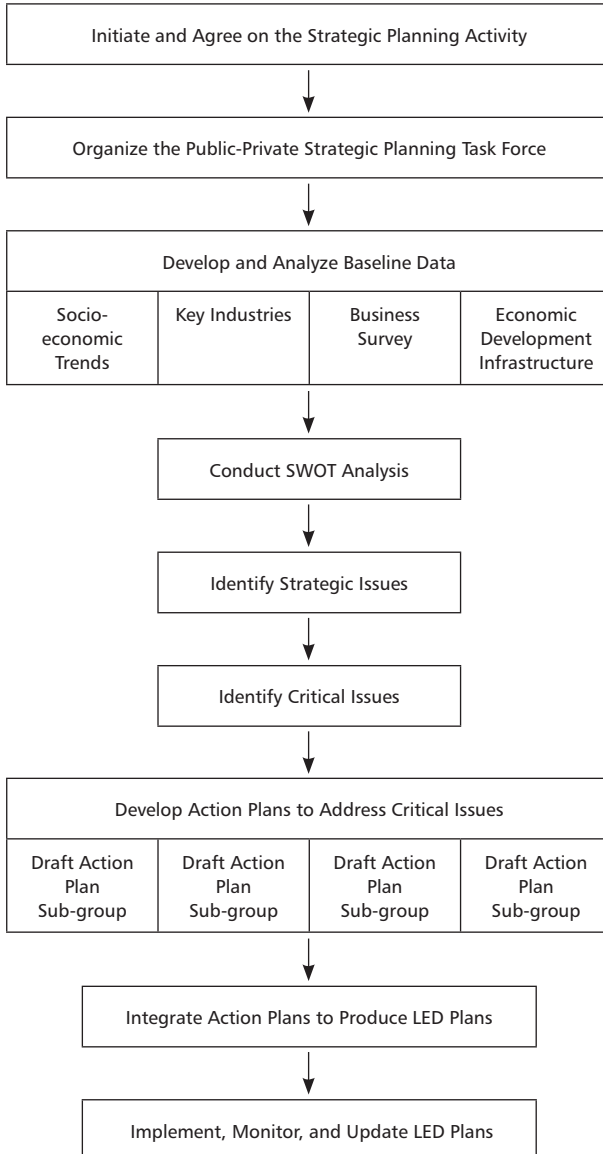
Sustainable development, one of the United Nations Millennium Development Goals, balances economic growth with the responsibility towards the community (social infrastructure and social capital) and environment (manmade and natural heritage). It forces us to think for the long term and yields a balanced, equal development of the social, economic, and environmental sectors. One of its goals is the involvement of marginalized social groups. Local governments can ensure the preconditions for economic development and remove barriers to it, ensuring communities have balanced and similar levels of development.

Efforts should be made to strengthen already developed areas, but poorly developed areas must be given the opportunity to catch up, including the long-term unemployed whose participation is critical if local economies in Karlovac County are ever to regain some of their former strength.

Local area partnerships would help prepare and implement local area strategies with a focus on the alleviation of poverty and social exclusion.

Participation of community representatives, including representatives of vulnerable groups, in strategic planning of development ensures a consensus as well as the credibility of the final plan within the community.

Figure 7.
Improved Process of Community-based Strategic Planning for a Sustainable
Development Strategy



Align with the Equal Opportunity Strategy—ROP

The ROP should be supported by more comprehensive, local Sustainable Development Strategies. They should align with the Karlovac County ROP (2005–2012), which promotes equal access to education, training, and employment opportunities offered by the ROP, regardless of gender, disability, or ethnic origin.¹⁹

Karlovac County intends to implement an equal opportunity strategy by:

- Mainstreaming gender equality throughout the whole ROP.
- Assisting (and sometimes prioritizing) access for people with disabilities to jobs, goods, and services.
- Promoting social inclusion for those people who remain marginal to the mainstream economic and social life of the county.

Align with the Human Resources Development (HRD) Strategy for Karlovac County (2006–2012)

HRD priorities and activities are a supplement to the larger ROP, especially in HRD areas.²⁰ But the HRD strategy is the first strategic document for Karlovac County dealing in the development of synergy in all employment and human resource areas. This is a key document and useful tool for the development and implementation of HRD activities in Karlovac County until 2012. The strategy might fulfill the role of guidance on how to improve the employment policy and what type of activities should be supported in the County.

Build Local Government Capacity through Education

Small local governments commonly have inadequate and insufficient human resources for development management. Such local governments usually have difficulties in accessing information as well as providing information to the public, therefore competencies in public management should be strengthened through continuous training and qualification programs. For this to happen, the education system should be improved and the Vocational Center in Slunj should be re-opened. Opening the communication channels among local governments and the involved institutions would also be useful, along with a database that would simplify and streamline their procedures. In addition, awareness-raising activities could emphasize the important role of local government in dealing with this issue, and a proactive period prior to the planning process could make sure that vulnerable groups are included in the process.

Support Active Labor Market Policy (2006–2007)

Policymakers need to support an active labor market policy (AMLMP), i.e., the measures that were effective in achieving the long-term integration of the most vulnerable groups

into the labor market. It means re-focusing the long-term unemployed from a reliance on social welfare assistance to active job searching and stressing the importance of adult learning and education to re-inclusion into labor market.

ALMP measures in 2006–2007 were designed at the central level based on information from the regional offices of the Croatian Employment Services (CES), along with inputs and suggestions from both the regional and local level, and through partnership boards (Local Partnerships for Employment), where applicable.

Local governments are expected to support an active labor market policy, vocational and social inclusion, development of a knowledge-based society, and make sure that the long-term unemployed and members of vulnerable social groups also take part in such education in cooperation with the Croatian Employment Office.²¹

It anticipates improving the quality of life of the local community and strengthening the internal bonds within local communities.

Summary of Recommendations

As a summary, let me quote the National Action Plan for Employment 2005–2008, a comprehensive employment strategy for Croatia based on guidelines of the European Employment Strategy:

There are various types of regions in Croatia that lag behind in economic development. Besides the traditionally rural regions, there are also the border regions, regions of great industrial decline, mountain regions and the islands. Some of them are labeled as regions of special state concern and are the subject of target policies and measures. The development of all these regions will significantly depend upon the accessibility of the creation of new jobs and employment opportunities.

Many regions are confronted with significant demographic and social problems, for example, a large percentage of older persons, hidden unemployment and a large and immobile agricultural population. Many milieus and rural regions... are confronting economic and social decline, and offer greatly limited potential for development due to the unfavorable position for labor and capital.

Problems in the regions that are the most severely affected are dire and multidimensional. They require coordinated and multidimensional assistance through a series of policies. Activities must support each other and be coordinated. Sustainable recovery will depend upon an effective partnership for the development of the local economy, employment opportunities, and a pleasant living environment that will attract and hold the newly arrived population. This will be an especially challenging task if the overall aging of the population and the attractiveness of Zagreb for young ambitious persons is kept in mind.²²

The main challenge the local governments discussed here are facing is young people leaving the area and unbalanced distribution of development of the area, meaning that some settlements are developing fast, while others are losing inhabitants.

The analysis showed that the selected local governments have developed their participatory local economic development plans; however, the planning process did not include representatives of the most critical groups of people. An unbalanced representation of task forces' members resulted in biases and inequitable economic growth and conditions for sustainable development in different settlements.

Improved community-based strategic planning should be in a form of an integrated, sustainable development strategy. Developing comprehensive strategies that integrate social and economic policies will better target local needs and will improve local government performance.

Inclusion of the most vulnerable groups in the planning process should at least give them a chance to raise their concerns, and should yield some degree of attention from their local governments.

APPENDICES

Appendix 1

Slunj EDSP

Slunj EDSP (Economic Development Strategic Plan) was developed and adopted by the City Council in 2003. The process was moderated by the trained consultants of the Urban Institute's (UI) Local Government Reform Project (Cost Share Program), monitored by UI economic development specialists, and sponsored by the United State Agency for International Development (USAID).

The Task Force for economic development strategic planning gathered key representatives of the business sector, city administration, institutions, and non-profit organizations. The Task Force held its meetings from July to December 2003.

It consisted of representatives of the public (15), private (5), and civil sectors (5), without any representatives of vulnerable groups.

Slunj Task Force members:

- *Public sector:*
 - Mayor
 - Deputy mayor
 - Five city administration staff (heads of departments)
 - Elementary school principal
 - High school principal
 - Slunj vocational center principal
 - Slunj communal company director
 - Slunj Tourist Board
 - Head of Slunj job center
 - Croatian Red Cross representative
 - Slunj Social Welfare Center representatives
- *Private sector:* five entrepreneurs
- *Civil sector:* five representatives of civil society (Sports Clubs of Slunj, Senior Citizens Association, Association of Homeland War Volunteers)

Taking into consideration the total number of inhabitants (6,096) and the number of only one category of vulnerable inhabitants (378 long-term unemployed), we can say that Task Force participation was unbalanced.

After the socioeconomic data had been provided, the Task Force analyzed them using SWOT, and proceeded to identifying strategic issues. They identified five critical strategic issues:

- 1) How to create new jobs and favorable conditions for economic development?
- 2) How to design an integral tourist product with center at Rastoke?
- 3) How to ensure sustainable rural development?
- 4) How to encourage the development of small- and medium-sized enterprises?
- 5) What should local government do for a sustainable development of the community?

Table A1.1

Identified Vulnerable Long-term Unemployed Compared to Existing LED Activities and Planned Opportunities in the Settlements of the City of Slunj

City of Slunj settlements	Total number of inhabitants	Number of long-term unemployed ²³	Existing SMEs	Allocated opportunities according to the plan
Slunj	6.096	378		
Arapovac	11	0		
Bandino Selo	7	0		
Blagaj	38	3	1	Planned tourist zone
Bukovac Perjasički	10	0		
Crno Vrelo	10	0		
Cvijanović Brdo	—	1		
Cvitović	362	21	8	
Čamerovac	78	5	1	
Donja Glina	39	2		
Donja Visočka	12	0		
Donje Primišlje	36	7		
Donje Taborište	202	21	6	Planned tourist zone
Donji Cerovac	131	21	2	
Donji Furjan	117	9	1	
Donji Kremen	45	5		
Donji Lađevac	85	8	1	

Table A1.1 (continued)

Identified Vulnerable Long-term Unemployed Compared to Existing LED Activities and Planned Opportunities in the Settlements of the City of Slunj

City of Slunj settlements	Total number of inhabitants	Number of long-term unemployed ²³	Existing SMEs	Allocated opportunities according to the plan
Donji Nikšić	243	18	3	
Donji Poloj	17	0		
Donji Popovac	26	4		
Dubrave	45	4		
Glinsko Vrelo	59	9	2	
Gornja Glina	295	7		
Gornja Visočka	10	2		
Gornje Primišlje	18	3		
Gornje Taborište	231	9	14	Planned tourist zone, development of the existing industrial zone
Gornji Cerovac	112	6	1	
Gornji Furjan	132	8		Planned tourist zone
Gornji Kremen	91	3	1	
Gornji Lađevac	76	5	1	
Gornji Nikšić	65	6		Planned tourist zone
Gornji Popovac	181	9	2	
Grobnik	28	0		
Jame	57	0		
Klanac Perjasički	13	2		
Kosa	14	0		
Kosijer Selo	3	0		
Kutanja	1	0		
Kuzma Perjasička	23	2		
Lađevačko Selište	67	4		
Lapovac	41	1		
Lumbardenik	145	11	2	
Mali Vuković	125	10	2	

City of Slunj settlements	Total number of inhabitants	Number of long-term unemployed ²³	Existing SMEs	Allocated opportunities according to the plan
Marindolsko Brdo	65	2		
Miljevac	13	1		
Mjesto Primišlje	9	1		
Novo Selo	85	7	1	
Pavlovac	33	1		
Podmelnica	238	21	1	
Polje	48	0		
Rabinja	—	0		
Rastoke	65	6	2	Tourist zone, recreational center, reconstruction of mills
Salopek Luke	21	2	1	
Sastavak	23	0	1	
Slunj	1,776	82	130	Tourist board, tourist information center, tourist walking path, old castle, planned SME zone
Slunjčica	9	1		
Snos	8	0		
Sparednjak	6	1		
Stojmerić	12	0		
Šlivnjak	45	6		
Točak	60	4		
Tržić Primišljanski	25	1		
Veljun	114	10		Planned tourist zone
Veljunska Glina	20	0		
Veljunski Ponorac	11	5		
Videkić Selo	75	1		
Zapoljak	12	0		
Zečev Varoš	22	0		Planned SME zone

Source: Croatian Employment Office in Slunj, May 2007 (unemployed longer than one year).

Figure A1.1
 Spatial Analysis of Long-term Unemployed and Economic Activities
 in Slunj Settlements



Summary

Gray dots show concentrations of vulnerable long-term unemployed groups versus black dots that show the existing economic activities and planned opportunities.

The majority of vulnerable inhabitants live in settlements of Cvitović (21), Donje Taborište (21) and Donji Cerovac (21), Donji Nikšić (18), Podmelnica (21), and Slunj (82).

The majority of the existing and planned economic activities are concentrated in the area of Slunj (130 registered businesses, tourist board, tourist information center, and planned SME zone), in the areas of Blagaj and Donje Taborište (planned tourist zones), Gornji Furjan, Gornji Nikšić, and Veljun (planned tourist zones) as well as Zečev Varoš (planned SME zone), and in Gornje Taborište (planned tourist zone and development of the existing industrial zone).

Apart from the agricultural assets, the city of Slunj has natural and cultural resources that can be used to develop tourism. Currently, tourist activities in Slunj last only during the tourist season and refer to the accommodation of tourists who stop by on their way to another destination. The main tourist offer in Slunj includes the renovated settlement of water mills, Rastoke, and the old city of Slunj castle which is being renovated. The plan is to build a sports center at Rastoke and a tourist settlement at Taborište and include them in the overall tourist offer. Slunj has opportunities to develop different types of tourism: rural, sports, hunting, fishing, cultural, etc.

The city of Slunj also has an industrial zone at Gornje Taborište with facilities to perform different services and crafts as well as various manufacturing activities that fulfill all ecological standards. According to the current financial possibilities, the city has made some investments into the zone. The plan is also to build a new smaller SME and business zone together with a bypass around the city. Furthermore, special attention is paid to the development of entrepreneurship on the territory of the city. The city encourages entrepreneurs to invest in the area to increase employment rates and economic development of the surrounding city, but not necessarily in the settlements with high concentrations of vulnerable inhabitants that are further away from the center.

Appendix 2

Rakovica EDSP

The EDSP (Economic Development Strategic Plan) of Rakovica was developed and adopted by the municipal council in 2003. The process was moderated by the trained consultants of the Urban Institute's Local Government Reform Project (Cost Share Program), monitored by the UI economic development specialists, and sponsored by the United State Agency for International Development (USAID).

The task force for economic development strategic planning gathered key representatives of the business sector, city administration and its institutions, and civil sector.

Rakovica Task Force members:

- *Public sector:*
 - Mayor
 - Deputy mayor
 - Two municipality administration staff
 - School principal
- *Private sector:* three entrepreneurs
- *Civil sector:* one representative of civil society

The composition of the task force consisted of 11 members, of which five were public representatives, five from businesses, and only one civil society representative. No settlement (community) representatives were included. Taking into consideration the total number of inhabitants (2,623) and the number of only one category of vulnerable inhabitants (74 long-term unemployed), we can say that the Task Force participation was unbalanced.

After the socioeconomic data had been provided, the Task Force analyzed them using SWOT, and proceeded to identifying strategic issues. They identified four critical strategic issues:

- 1) How to develop necessary infrastructure?
- 2) How to develop tourism?
- 3) How to develop SME and production, including agriculture production in service of tourism and larger economic subjects?
- 4) How to define clear programs of sustainable development that will be recognized by proper investors/funds and secure demographic renewal and settlement?

Table A2.1

Identified Vulnerable Long-term Unemployed Compared to Existing LED Activities and Planned Opportunities in the Settlements of Rakovica Municipality

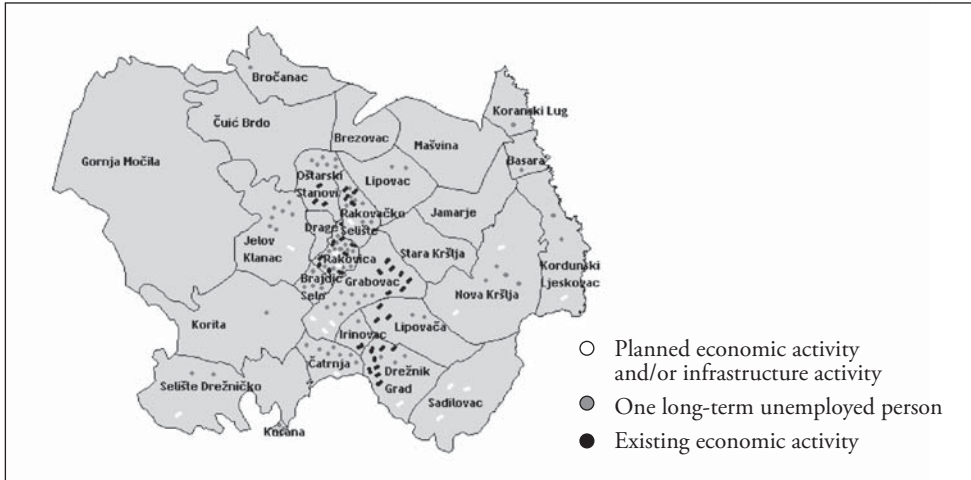
Rakovica Municipality settlements	Total Number of inhabitants	Number of long-term unemployed ²⁴	Existing SMEs	Allocated opportunities according to the plan
Rakovica	2,623	74		Vicinity of NP Plitvice Lakes
Basara	—	1		
Brajdić Selo	95	4		
Brezovac	13	0		
Broćanac	31	1		
Čatrnja	207	7		Auto-camp “Korana”
Ćuić Brdo	—	0		
Drage	30	0		
Drežnik Grad	397	3	8	Secure power supply (install additional transformer stations); planned business zone (SP)
Gornja Močila	8	0		
Grabovac	241	9	7	Motel Grabovac, auto-camp ATG Renovate Rastovača–Grabovac transmission line Possible business zone
Irinovac	127	1	1	
Jamarje	9	0		
Jelov Klanac	109	7		Private tourist ranch “Blanka”
Korana	33	2		
Koranski Lug	2	1		

Table A2.1 (continued)

Identified Vulnerable Long-term Unemployed Compared to Existing LED Activities and Planned Opportunities in the Settlements of Rakovica Municipality

Rakovica Municipality settlements	Total Number of inhabitants	Number of long-term unemployed ²⁴	Existing SMEs	Allocated opportunities according to the plan
Kordunski Ljeskovac	3	2		Supply with electricity; reconstruct the network
Korita	19	1		
Lipovac	18	2		
Lipovača	195	2	3	
Mašvina	6	0		
Nova Kršlja	85	4		“Baračeve spilje” — tourist attraction; secure power supply (install additional transformer stations)
Oštarski Stanovi	179	6	3	
Rakovica	356	12	9	Unused pension, possible business zone
Rakovičko Selište	109	7	4	Planned zone for agriculture production (SP)
Sadilovac	—	0		Secure power supply (install additional transformer stations), put unused farm in production—farm with 1,000 cows put in function, possible business zone
Selište Drežničko	348	2		Secure power supply (install additional transformer stations)
Stara Kršlja	3	0		

Figure A2.1
Spatial Analysis of Long-term Unemployed and Economic Activities
in Rakovica Settlements



Summary

Gray dots show the concentration of vulnerable, long-term unemployed groups versus the existing economic activities and planned opportunities (black dots). It is easy to see that the majority of vulnerable inhabitants live in settlements of Čatrnja (7), Grabovac (9), Rakovica (9), and Rakovičko Selište (4). Čatrnja (7 persons), Grabovac (9), Jelov Klanac (7), Rakovica (12), and Rakovičko Selište (7) are the settlements with the most long-term unemployed inhabitants.

Economic activities are concentrated in eight settlements (Drežnik Grad, Grabovac, Irinovac, Lipovača, Oštarski Stanovi, Rakovica, Rakovičko Selište, and Selište Drežničko). Most inhabitants live in settlements of Rakovica, Drežnik Grad, and Selište Drežničko, and they have the most active inhabitants in terms of employment. There are a number of people who commute for work to the neighboring city of Slunj (especially from Bročanac) and to the National Park Plitvice (from Selište Drežničko).

The economy of the whole municipality is based on activities of small entrepreneurs, since there is no major economic enterprise in the area, except taking advantage of the vicinity of the NP Plitvice where 300 inhabitants from the municipality of Rakovica are employed. In Sadilovac there is now a cattle farm that employs 77 persons.

Rakovica and Drežnik Grad are the most developed while the other settlements have fewer and fewer activities and inhabitants. For instance, in the period between 1991 and 2001, four settlements remained without inhabitants (Sadilovac, Korita Rakovička, Čuić Brdo, and Basara).

Appendix 3

Cetingrad EDSP

The EDSP (Economic Development Strategic Plan) of Cetingrad was developed and adopted by the municipal council in 2003. The process was moderated by the trained consultants of the Urban Institute's Local Government Reform Project (Cost Share Program), monitored by the UI economic development specialists, and sponsored by the United State Agency for International Development (USAID).

The Task Force for economic development strategic planning consisted of five public, five private, and one civil sector representative, without any representatives of vulnerable groups.

Task Force members:

- *Public sector:*
 - Mayor
 - Deputy mayor
 - Two municipality administration staff
 - School principal
- *Private sector:* five entrepreneurs
- *Civil sector:* one representative of civil society

Taking into consideration the total number of inhabitants (2,746) and the number of only one category of vulnerable inhabitants (246 long-term unemployed), the Task Force participation was unbalanced.

After the socioeconomic data had been provided, the Task Force analyzed them using SWOT, and proceeded to identifying strategic issues. The Task Force identified four critical strategic issues:

- 1) How to improve the infrastructure?
- 2) How to improve agriculture production and protect farmers?
- 3) How to initiate SME development and tourism?
- 4) How to develop good relationships in the community and secure own sources of financing?

Table A3.1

Identified Vulnerable Long-term Unemployed Compared to Existing LED Activities and Planned Opportunities in the Settlements of Cetingrad Municipality

Cetingrad Municipality settlements	Total number of inhabitants	Number of long-term unemployed ²⁵	Existing SMEs	Allocated opportunities according to the plan
Cetingrad	2,746	246		
Batnoga	128	5		Planned SME zone, two farms not functioning
Begovo Brdo	7	0		
Bilo	58	5		
Bogovolja	205	19		
Buhača	29	1		
Cetingrad	351	25	6	Planned SME and sports-recreational zone
Cetinski Varoš	57	11		
Delić Poljana	16	2		
Donja Žrnica	9	0		
Donje Gnojnice	31	4		
Đurin Potok	74	9		
Glinice	67	1		
Gnojnice	47	10	1	
Gojkovac	20	0		
Gornja Žrnica	2	0		
Gornje Gnojnice	47	4		
Grabarska	154	5		
Kapljuv	34	10		
Kestenje	37	6		
Komesarac	182	23		
Kruškovača	108	10	3	

Cetingrad Municipality settlements	Total number of inhabitants	Number of long-term unemployed ²⁵	Existing SMEs	Allocated opportunities according to the plan
Kuk	7	0		
Luke	27	1		
Maljevac	149	12	4	Planned SME zone
Maljevačko Selište	1	0		
Pašin Potok	238	31	1	
Podcetin	69	11		Planned tourist zone
Polojski Varoš	50	3		Planned SME and agriculture zone
Ponor	123	9	1	
Ruševica	65	7		
Sadikovac	51	1		
Srednje Selo	30	1		
Strmačka	22	3		
Šiljkovača	71	6		
Tatar Varoš	167	11	1	
Trnovi	13	0		

Source: Croatian Employment Office in Slunj, May 2007 (unemployed longer than one year).

Figure A3.1
 Spatial Analysis of Long-Term Unemployed and Economic Activities
 in Cetingrad Settlements



Summary

Cetingrad Municipality is poorly developed. Therefore, its main priorities, according to the plan, were to develop communal and SME infrastructure.

Accordingly, most of the funds will be allocated to improvement of its infrastructure.

Gray dots show concentrations of vulnerable, long-term unemployed groups versus black dots, the existing economic activities, and planned opportunities that are white dots.

It is easy to see that the majority of long-term unemployed inhabitants live in settlements of Bogovolja (19), Cetingrad (25), Cetinski Varoš (11), Gnojnice (10), Kapljev (10), Komesarac (23), Maljevac (12), Pašin Potok (31), Podcetin (11), and Tatar Varoš (11).

On the other hand, all major activities are in the settlements of Batnoga (planned SME zone and a goat farm), Cetingrad (planned tourist, SME, and sport-recreational zones), Maljevac (planned SME zone and 12 registered businesses), Podcetin (tourist zone), Polojski Varoš (SME and agriculture zone), and in Ponor (cattle and sheep farm).

In 2001 there were 798 employed persons, out of which 325 in primary activities (agriculture, forestry).

The lack of economic opportunities has meant that people keep leaving the area and some settlements become completely if not entirely abandoned.

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Vulnerable Groups and the Effects
of Selected Local Government
Service Delivery

Policies in Three Hungarian Cities

Nóra Teller

Executive Summary

This chapter compares the cases of three impoverished areas in three very different Hungarian cities in the context of neighborhood rehabilitation and available public services. These areas all share a number of similar characteristics, in that the majority of residents are usually poor, uneducated, and vulnerable to social and economic ills affecting their neighborhoods. But these areas also differ in the steps city and local governments have taken to improve conditions; these steps range from sheer indifference to comprehensive programs of social intervention. This chapter charts the ups and downs of these areas as they have coped with the tough conditions of the post-communist transition. As part of the remedy, it calls for public participation to enhance the chances for success of interventions targeting these areas.

This is not without unintended effects, even within a relatively short time. The message for the stakeholders is that if a municipality leaves a target area to its own fate, e.g., by withdrawing services, it might do so with the alarming result of pushing the spatial unit into further decline; however, if interventions at least are planned, and solutions sought, this might maintain a certain level of life quality and service delivery, even in periphery areas. Only very few municipalities have come to admit this fact in Hungary, and they rather behave as non-actors concerning their run-down areas, so as to be able to say after some time that the area has suffered the fate it deserves.

The participation of stakeholder institutions and local people in this process is of utmost importance. Without a profound institutional basis and political support, the continuity of interventions can be endangered.

From the perspective of the target areas, possible options are: (1) maintaining the status quo and applying the policies that are currently in place, (2) investing in low-budget infrastructure upgrades and modest improvement of service delivery, (3) heavily increasing service delivery with the aim of keeping the local inhabitants in place, (4) improving service delivery and infrastructure with the aim of repositioning the residential area and promoting gentrification, or (5) eliminating and changing the function of these neighborhoods.

An argument for maintaining the status quo is that, despite the fact that spatial units comprise social tensions due to the overrepresentation of vulnerable groups, the areas have a *raison d'être*; otherwise further spatial units in the given hierarchy and horizontal distribution of territory would have to fulfill their function. If the status quo is maintained, the outcome for each of the selected areas would differ, and hence, most probably so would

future problems of local governments. The decline of the areas would accelerate, increasing the gap between the given area and rest of the urban area.

The second option, low-budget improvement, is aimed at halting the decline of the target area and thus preventing a possible deterioration of the area into a ghetto. Access to services would be provided, e.g., by paving routes to local public transportation lines, and the most necessary social services would be put in place. The local population would stay, but a further influx of vulnerable groups would be counteracted by preventive actions throughout the city.

The third option, rehabilitation, comprises a considerable infrastructure investment in the housing stock and common areas, aiming to lift the level of the target areas to the level of the surrounding areas, or even beyond it. The rationale behind this intervention is the value gap that the city wants to drain, which derives from the underutilization of the given area. If such an intervention takes place, however, it will most likely contribute to a gentrification process in which the present population will move away and better-off families will take their place. Recent examples (in Hungary) show that an extensive “export” of social problems and tension takes place, which might mean relief for the local government, but not at all for the new locales that absorb the newcomers. In addition, the profile of services in place (among them public services) will need proliferation.

The fourth option is an intervention, corresponding with the paradigm of an area-based approach, that implements integrated actions which provide enhanced access to social, health, education services, and the labor market. New institutions are set up that target the current population, and the infrastructural investments aim at their specific needs. The goal is to keep most of the current population in place while upgrading the target area.

The last option involves a package of interventions designed to introduce a new way of functioning into the urban fabric rather than the present way of doing things in the target area. Such interventions are mostly undertaken, e.g., for local economic development, when new tools are required to revitalize the functions of a city in the network of other settlements and among competing cities. Such actions might also be applied in untenable areas with uncontrollable social tensions (e.g., this was undertaken in abolished housing estates, or parts of them, in Western Europe). Typically, in the framework of extensive urban development, green-field investments are undertaken, whereas intensive urban developments utilize former brown-field areas for uncovering “new” sites.

The last policy option requires similar tools as already highlighted above (e.g., displacing the population), which imposes a great burden on the local governments, and thus a revenue positive change of functions has to be undertaken to cover the costs and risks of the intervention.

In the case of *Lyukóháza*, the recommendation is to sustain the area, with minor investments, e.g., in social service delivery (speed up the process that was launched recently), and in a later phase to prepare and implement a complex social rehabilitation program like that of Magdolna district to increase the social value and reputation of the district, parallel to the process when Lyukó becomes fully occupied. Programs to increase the chances of integration should accompany the process. Thus, a move from the current state (1) to (2) and then (3) are recommended.

In the case of *Mésztelep*, the recommendation is to demolish the settlement and change its functions into logistics center (option 5). This intervention should go hand in hand partially with sustaining *VI-os telep* and the applied policies of assisting households to move up from here so that their places can be taken over by former *Mésztelep* inhabitants (option 1). In addition, no further cuts in social, education, and health service delivery are recommended in *VI-os telep* to counteract its possible further decline. Similar to Miskolc, *Tatabánya* also needs to offer housing opportunities for the poorest to avoid homelessness.

In the case of *Magdolna*, current development policies foresee sustaining the present situation while changing some functions to diversify the role of the area in the district and Budapest context and make the best use of the potentials of its location and current architectural and technical features (option 3).

The recommended options require an area-based approach from the local governments—it is indeed a new paradigm for Miskolc and *Tatabánya*. Significant financial inputs are required from the local governments, ranging from HUF 10 million to HUF 3 billion. The numbers might be shocking, but the possible consequences of further delay—diminishing the opportunities of generations to come, increasing discrimination, and the financial and political costs of emerging ghettos are dreadful.

INTRODUCTION

Yes, we have development strategies. But... everybody knows that they do not have much to do with the way we actually work.

—Deputy Mayor of Tatabánya

A spatial analysis of the concentrations of vulnerable groups has to deal with at least two perspectives: the historical perspective exploring the dynamics and components of the emerging of the concentration, and the current perspective that deals with the prevailing arrangements that either stabilize or combat such a spatial arrangement.

In Hungary, the transition has brought about dynamic changes in local service delivery, and the macroeconomic transformation has unequally affected regions, layers, and groups of society. These two powerful processes are also represented on a spatial level, which in turn requires policy responses and actions from the local government level. Local governance, regional disparities, and differences in settlement size may exacerbate both the low effectiveness of the strategies applied by individual households to deal with the realities produced by the transition from socialism and the difficulties municipalities have in combating the spatial concentration of vulnerable groups.

The research report aims at exploring the effects of local government service delivery and the underlying development policies (if any) and the spatial concentration of vulnerable groups in three target areas in Hungary. It explores to what extent local governments are aware of concentration processes and how they interpret the reasons for such processes, and, based on this knowledge, what actions are undertaken to combat the concentration of vulnerable groups. In addition, the perceived effectiveness of any local intervention is explored, both from the perspective of the service provider and the local population. The main research question is to define possible effects on the target areas that are caused by minimizing, stabilizing, and improving local service delivery in the three target areas via the exploration of the selected local services and the formulation of policy options for the future.

PROBLEM DESCRIPTION

The target municipalities were Miskolc, a county capital in northeastern Hungary; Tatabánya, a city with county rights in northwestern Hungary; and a part of the eighth district of Budapest, the capital city.

The localities have been identified based on similar processes they underwent in the past few decades. All three areas have faced negative trends in terms of social composition and quality of services at least since the transition. These trends have been in line with

the macroeconomic changes that affected Hungary, and especially its more vulnerable people, i.e., many Roma and other persons with little education and unstable labor market position. The current situation in all three areas is characterized by the overrepresentation of poor families and the overwhelming presence of the Roma minority, living in segregated communities and having less access to good quality local services such as basic infrastructure, basic social services, school, and even security.

Thus, the district of Lyukó bánya in Miskolc, the quarters of Mésztelep and VI-os telep in Tatabánya, and a part of District Eight, the Magdolna neighborhood in Budapest, have been selected to be included in the research.

Figure 1.
Miskolc, Tatabánya, and Magdolna in Hungary



Source: <http://www.telepuleskereso.hu>.

The processes in some recent years, however, are diverging. District Eight in Budapest has developed an integrated development program and has launched its implementation recently (with very few results by now). Lyukó bánya is still on a downward spiral. Miskolc's development policies have resulted in a migration process of vulnerable population groups from former poor districts of the inner areas to this remote part of the city. The elaboration of the process has already been undertaken by the municipality and the development of a strategy to combat this concentration is to be formulated in the future. The third target area is a remote area of Tatabánya, Mésztelep and VI-os telep,¹ where several programs have been undertaken, but only a few results are observable, although there is intensive social work and a will on the part of the local government to improve the area and the future prospects of the population living there.

The sizes of the target areas differ, and the complexity of the necessary interventions perceived differ. The largest area is Magdolna District, with approximately 12,000 inhabitants. Lyukó bánya has a steadily increasing number of inhabitants (1,500 at present). Mésztelep and VI-os telep have about 1,400. The level of infrastructure supply is comparable in all three target areas: low or no comfort dwellings in an overwhelming ratio, no nursery school, segregated primary education facilities for the local population,

low-quality roads and public lighting, run-down physical conditions of public spaces, rubbish, and generally poor access to transportation (except for Magdolna).

One additional methodological remark has to be added here. There are numerous definitions of the term “vulnerable group.” Based on the interviews with representatives of the local governments and municipality officials, I opted for avoiding a person-based approach in defining vulnerable households and put aside choosing the observed areas based on an indication of overrepresentation of vulnerable persons. The method was a very soft one in choosing the final target areas: local knowledge of the territories stated that poor, unemployed, large families, without opportunities on the job market, living in very poor housing conditions, lived concentrated in these areas, and there were fewer such families in other parts of the cities.² This also means that the population living in the target areas is stigmatized and suffers discrimination, phenomena that have broad consequences for the chances of the people living here. We must add that there are no reliable official data on Roma communities and settlements in Hungary, which comes from the legal basis for minority-related politics in Hungary, a situation which will be discussed only briefly in the analysis. Although the most segregated areas always have to do in one way or another with the overrepresentation of very poor and discriminated Roma people, one can hardly find any evidence for this based on official data collection. That is why socio-demographic, labor market, and infrastructure data are used as proxies.

Figures 2, 3, and 4 illustrate the selection of the target research areas. Unfortunately, since most of Lyukóvölgy’s territory belongs to the outer district area in Miskolc, only maps with low validity could be produced for the target area. Thus, the data tables in the appendices supplement the argumentation for selecting this area as a research object. The maps are produced based on the census data of 2001 of the Central Statistical Office.

The shading of the figures can be in some cases misleading. If there is even one inhabitant residing in a cemetery, sport arena, industrial site, or train station (this is very common, since a few of the staff usually live in company housing on the site), his/her data will “shade” the whole area. For a better comparison, the target areas are framed in gray circles.

Figure 2.
Share of Comfort Dwellings in the Selected Areas

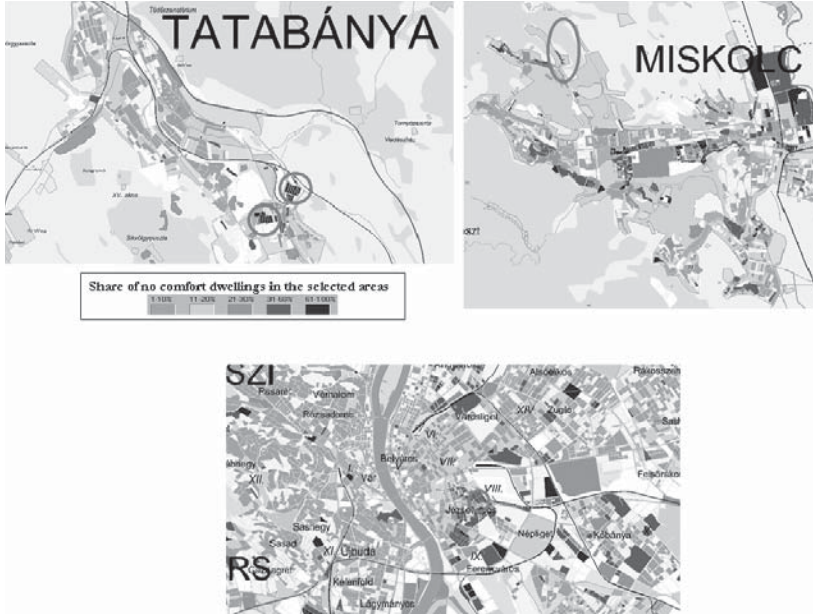


Figure 3.
Share of Population with Maximum Primary Education

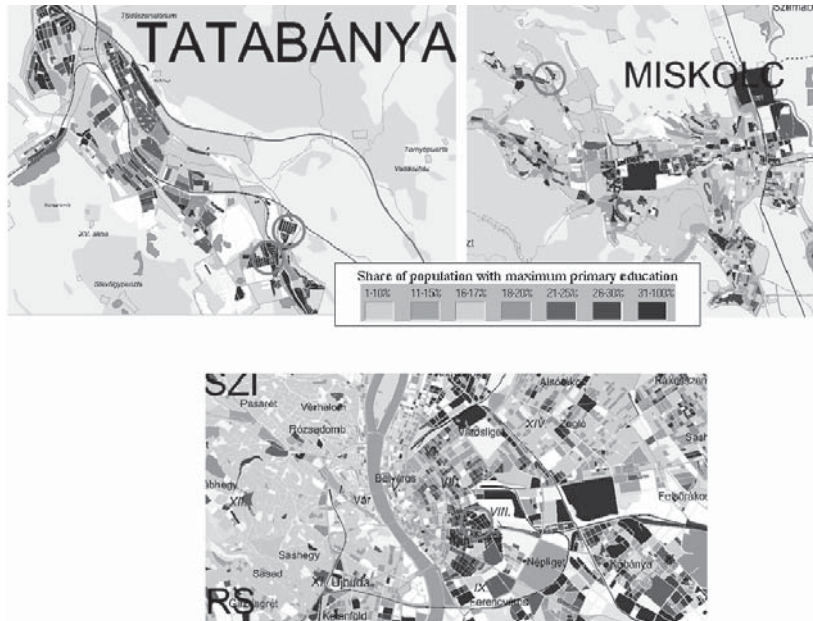
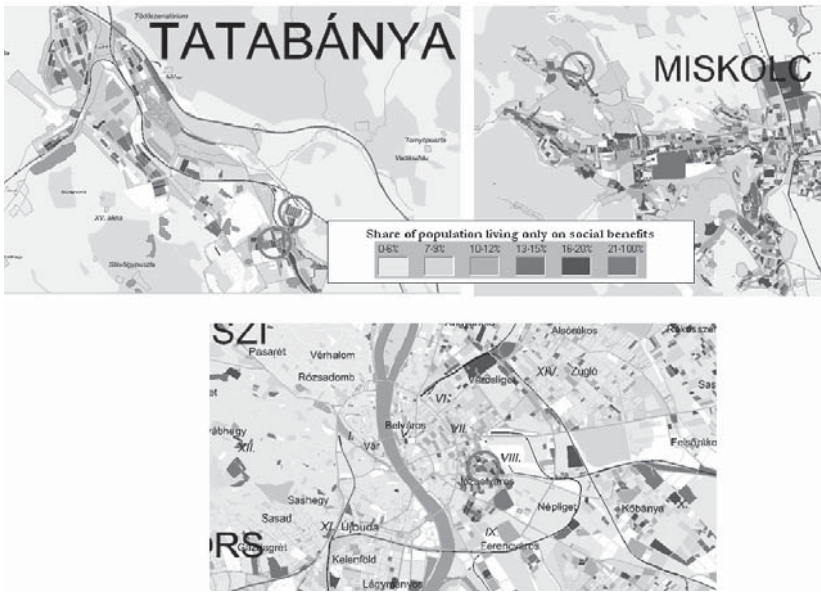


Figure 4.
Share of Population Living Only on Social Benefits



Emerging Areas with a Concentration of Vulnerable Groups —Local Service Delivery Related Processes

In this section, we explore one of the possible reasons for the deterioration of areas, and specifically the deterioration of the quality and quantity of selected local services provided in the three selected areas. The regulations and main characteristics of local service delivery system in Hungary are discussed first.³

Regulations Affecting Local Service Delivery

In Hungary, the Law on Local Governments of 1990 defines the tasks and duties of local governments with reference to local services. However, on the list of 27 so-called “particular” duties of the local self-governments described in the law, the regulation also names those services that are compulsory for local governments, such as:⁴

- provision of kindergartens and primary education,
- basic health and social services,
- assuring the rights of minorities,

and in the communal area:

- provision of healthy drinking water,
- public lighting,
- maintenance of local roads and cemeteries.

In the case of Budapest and its districts, some further obligations are defined by the law. The state assures the completion of the mandatory tasks by allocating financial tools and allowing the local self-governments to impose local taxes.

The size of expenditures related to public services varies to a great extent. The largest amount of spending is related to actual costs (including personal wages) and adds up to approximately 25 percent of the local budgets' capital expenditures. When we take a look at the distribution of the expenditures by different sectors in 1999, it is education (33 percent) and healthcare (19 percent) that are in the first two places of expenditure types, administration stands in third place (13 percent), social welfare is the fourth (with approximately seven percent), and housing, water, transportation, and communication represent altogether only seven percent. These ratios have not changed drastically ever since (Balás and Hegedüs 2001). Local government expenditures are very limited in these areas, and subsidies may be steered to companies that provide services.

To sum up, local governments are responsible to provide for most public utility services, social services, and basic health services on the local level from the beginning of the 1990s. They responded to this challenge with a variety of solutions, both in terms of organizational structure and cooperation among settlements, and quality of services. Nevertheless, all local governments as providers have to face similar financing problems, namely, the insufficiency of central grants and the necessity to raise their own resources to cover the compulsory services and to complement them according to local needs. Thus local governments and their public service institutions are uninterested in gathering population groups in their service areas that consume services, do not increase revenues, and thereby weaken the service provider's positions among other institutions.

Processes in Urban Areas Fuelled by Public Utility Service and Housing-related Courses of Action

All our selected areas have experienced a downward and perpetuating process of decline that has accelerated during the past fifteen years, and especially in the last few years as the transition advanced. What was before belongs to the history of urbanization and the dynamically developing economy of selected regions in Hungary

During the peak of industrialization before the Second World War, new residential areas, so-called districts or settlements emerged, with a diversity of functions and

designs depending on the position and profession of the target group they had been originally constructed. Mésztelep and VI-os telep in Tatabánya were built in this period, approximately a hundred years ago, at that time to high standards.

When the management of the public structures, including public housing stock, was nationalized after the Second World War, territorial and council-based real estate management companies were founded and operated under state (council) control. Rents were kept very low and affordable (housing was considered a public good that had to be provided and accessible to everyone), and thus, also the level of maintenance and investment lacked substantial resources. Today's run-down urban stock throughout Hungary is one of the results of this. As a consequence, parts of the public housing stock had deteriorated heavily by the beginning of the 1990s, the years of the transition.

The transition brought about privatization, when a large share of the state housing stock was transferred to the newly established local self-governments and the selling of the housing stock began. A very small part of the stock was held back from privatization, and another minor part was kept in the hands of the municipalities in order to assure mobility for personnel in their own institutions. Today, social housing represents approximately five percent of the total Hungarian housing stock. Typically, the overwhelming portion of those flats that could not be sold had sitting tenants for whom buying the flats would not have been possible due to lack of financial resources or had existing utility service or rent arrears. Thus, they could not have borne the financial burden of repaying the loans or even any expenses related to housing maintenance (e.g., those of repair). Magdolna District in Budapest represents a typical example for the outcome of this process: the residualizing municipal housing stock.

The residualization can have a spatial effect, too: from areas with a concentration of public housing, better-off tenants moved away (even if to other social dwellings) and households from lower social strata have taken their place, contributing to the downward perpetuating process of such areas. In some cases, through their allocation policies, municipalities themselves have designated areas for the poorest households (typically those with arrears) and offer them low-cost, low-quality dwellings that sometimes are concentrated in specific areas. Tatabánya Mésztelep is a typical example for this process. The next step down from there is homelessness.

There is a further process that has some relevance for our observations. With the rapid industrialization of the 1960s and 1970s, low-density small cottages or hobby-garden areas close to the borders of large cities, usually with low infrastructure supply, were established, supported by the local industrial enterprises and the councils so that their employees would have some space for recreation. These sites were typically in private ownership. Such sites used to play an important role in housing. They could be bought and sold even in times of total state control of the "private" housing sector. They could be used as equity, providing a means of accumulating savings that could be sold in case of financial need. With the development of the housing market institutions,

however, they lost their importance, but at the same time, two antipodal processes could be observed. On the one hand, there was a movement of upper-class groups to attractive, well-serviced suburbs; and on the other hand, there was a movement of lower-status households to low-cost peripheral areas with substandard infrastructure and service delivery but with some accessibility to the urban area. In the second case, this contributed to the change of the actual function of the areas from holiday resorts to residential areas for poorer families whose socioeconomic status was declining; these areas lacked infrastructure development and adjustments in the master plans of the local governments (Csanádi and Csizmady 2002). Lyukóbánya, our sample area in Miskolc, is a typical example for this latter process.

The process that obviously occurred in Miskolc had two stages. In the first stage, many municipal renters were relocated from the Szondi settlement (approximately half of the segregated Roma district was demolished) to housing estates where they could pay neither the high public utility costs nor the high rents. In the second stage, among these households, some families were evicted (their contracts were cancelled) and they moved to Lyukóvölgy, where substandard houses (holiday homes or hovels, garages) were bought or occupied illegally.

A further process that has to be mentioned for a better understanding of the spatial processes of the investigated cities is related to squatters. Squatters are illegal occupants either in private homes or public rentals who do not have a contractual relationship⁵ with the owner of the given dwelling, and have occupied the given unit on purpose.

The majority of illegal occupancy affects empty public housing. Unfortunately, there are no exact data available, but anecdotal resources indicate that there had been a rise in illegal occupants around 2000, and that they grew steadily until the regulations concerning evictions changed and evictions were heavily enforced in some cities. Since squatters occupy mostly social housing units, municipalities have several options besides their legal right to evict the households. We know that some municipalities try to turn some of the illegal occupancies into legal occupancies through special contracts (so called contract for “usage of unit”) in case of cooperating households, in order to be able to generate some revenues from renting the occupied dwelling and not to have to displace families into homeless provision. Other municipalities opt for sealing or even demolishing empty dwellings or guarding them with security service providers to avoid illegal occupation. It might also occur that it is not only housing that squatters occupy, but other types of buildings, e.g., garages or hovels, like they do in Mésztelep in Tatabánya or in Lyukóvölgy in Miskolc.⁶

Urban processes are also affected via the presence or lack of services, among them public services, and the access of the population to the services or their participation in the present services. As highlighted above, Hungarian legislation defines a range of services that should be provided for on the local level. The selected areas all fall under territorial units where most services should be accessible, nevertheless, not necessarily

in the observed neighborhood. In the given areas, such services are available in lower quality or to a less extent than the average which is characteristic for the rest of the city, it has an influence on the local population's access to adequate services. On the other hand, the lack and withdrawal of services induces a "fall" of the given area, which again might bring about moving away of middle-class or better-off households (Skifter Andersen 2003).

In this paper only selected services are dealt with, thus we only focus on basic social services, basic education and health services, basic infrastructure supply,⁷ and housing related services:

Social, Education, and Health Services and Infrastructure and Transport

As for social services, we chose to observe access to benefits (physically and institutionally), the role of family care services, access to care centers, and social workers' presence in the given area. To highlight problems related to educational services, we decided to observe local kindergartens and participation in primary education (and the reputation of the schools based on interviews—in Hungary there is a free choice of primary education facilities). Access to health services is explored via the presence of nursery schools and the working hours of the local doctors. Data related to local government responsibility related to infrastructure, such as the existence of maintained roads, the availability of drinking water and access to sanitation, the presence of public lightning and garbage collection, are explored. So as to observe the access to other parts of the cities, we took at a closer look the public transportation services in the selected areas.⁸

The selected locations are characterized by a relative remoteness from the family care centers and the municipalities' buildings where benefits can be obtained in person.

Only in the Budapest area and in one of the Tatabánya settlements is the office within walking distance (15–20 minutes); in other cases, at least one public transportation means has to be used. In Tatabánya, the child welfare service is located in VI-os telep, this means that all inhabitants from Mésztelep have to either take public transportation⁹ or walk a path "seasoned" by unpaved sections, old rail tracks, three sections of stairs, an overpass over the old national highway, and no public lightning. For families with children (i.e., with buggies), the route to the family care center is virtually inaccessible. In the Miskolc case, the family care center is distant; the families have to change public transport twice to get there.

Taking local transportation tools can be a costly business. There is also strict control of ticketholders on the local transportation vehicles in Tatabánya and Miskolc. The local transportation company's buses connect the area (outskirts) with the inner city, from where at least one further public transportation means (another bus or a tramway) has to be taken to reach the child welfare service, which means that at least four tickets per

person (close to HUF 800 in both cities) are necessary to get to the family care centers and back home (it is also time-consuming). This sum is comparable with the minimum sum of the normative housing allowance, which was HUF 2,500 per month in 2007. Thus, a considerable portion of the obtained allowances is “spent” as an administrative cost by the family on just one visit.

Social workers are in place. Once per week or per fortnight they visit the settlements, and there is close contact among them and the local inhabitants. Normally, there is a close cooperation among the child welfare service and the family care centers. There is a good information flow so that even with fewer visits, families are looked after “sufficiently.” In all locations, families rely heavily on the social workers and get encouragement to acquire any forms of social benefits offered. Nevertheless, the efficiency of some benefits or the way of obtaining them was questioned by the social workers during the discussions (i.e., a family benefit that is transferred to an account and can be accessed through ATMs with one cash card per family—a service typically inaccessible in the observed districts of Tatabánya and Miskolc) and thus its efficiency is very questionable. The number of social workers in the observed areas does not seem to be sufficient to carry out more than the basic tasks (i.e., enabling the families to access the social benefits).

The number of cases and clients of the family care centers have been increasing steadily during recent years, and has induced several actions on the sides of the municipalities—though not always consistent with the increased need to respond. In Tatabánya, the family care center was closed down in Mésztelep, and now both VI-os telep and Mésztelep are served by the hard-to-reach office in VI-os telep.

In Miskolc, after a decade of negotiations, a new plot for establishing a local family care center with complex services in Lyukóháza was purchased; unfortunately, without consultation with the family care center’s colleagues, it seems that the purchased real estate will not suit all activities they originally planned (e.g., consultation room for basic health service).

In Magdolna, there have been discussions that some functions of the family care center (i.e., consultation with social workers on benefits and obtaining some benefits) could and should be brought to the project area. At the end, there is a decision to keep the project-related interventions concerning social work and community building and the “normal” social services apart, since the municipality does not support the establishing and operation of a separate office outside the municipality.

Figure 5.

The Family Care Center (Together with Other Social Providers) in VI-os Telep, Also Serving Mésztelep in Tatabánya (A Former Dormitory)



Figure 6.

The Former Family Care Center and Nurse's Office in Mésztelep, Tatabánya, Now Used for Housing (No Conversions Were Undertaken)



Figure 7.
 Purchased Plot for the Future Family Care Center in Lyukóvölgy, Miskolc
 (Storage Hall to Be Converted in the Left Corner)



The supply of education services, such as the primary school and kindergarten considered crucial for areas with low-transport accessibility and a lack of such services, conversely may encourage better-off population groups to move away to better served areas.¹⁰ This way, the chance for a more balanced local population composition can slip away. In addition, heavily segregated education facilities might contribute to further pullout of the population.

There is no primary school accessible on foot from Miskolc, Lyukóvölgy, and the same is true for the kindergarten. There are two kindergartens in the Magdolna district in Budapest, where there also is a very progressive but segregated school (over 90 percent of the pupils are Roma children) with numerous development programs. In Tatabánya, there are two kindergartens (one in Mésztelep, one in VI-os telep) working at full capacity, but the former's operation is under constant debate in the municipality. There is a primary school next to the family care center (see route description earlier), but both social workers and interviewed families stated that those who can take their children to other schools (if they get accepted, then they take the burden of traveling to the city center) do so.

In Magdolna district and Tatabánya the local school has to face the overrepresentation of poor, less successful, and “problematic” children (many of them with learning difficulties due to low attendance in kindergarten), and lower support from the mu-

nicipality. Thus, the concentration of vulnerable children is even greater in the given schools than in the observed spatial units.¹¹ In Miskolc, the closest school offers “better,” more diversified educational programs than the two other schools that institutionally belong to this primary school.¹²

Figure 8.

Primary School Building Serving Both Areas (Located in VI-os Telep) and Kindergarten Buildings in Tatabánya (Mésztelep and VI-os Telep with CCTV)



This means that the access to schools with proactive pedagogic and strong social work, and a balanced composition of pupils from different social strata and Roma to non-Roma ratio, is mostly worse in the selected areas than in the cities, on average. Of course, it is a very long process to halt social or ethnic segregation, and despite several tries, the “poor” reputation of the educational institutions can only change very slowly, if at all. The stigma then accompanies the children’s whole educational career and future

To counteract full segregation, one reform has been introduced in Magdolna, where the primary school (nearly 100 percent segregated) was joined to a secondary school (with almost no segregation). Classes are carried out in the primary school’s building, but there is a better mix of pupils now.

Nursery schools and doctors’ offices are basic health services. Access to nursery schools is considered a step towards labor market (re)integration for young mothers and, at the same time, a useful phase in the preparation for pedagogical work in kindergarten (even more if we consider the poor living quality of vulnerable households and the lack of information on feeding and playing—as observed by the nurses). Nursery schools offer day-care for children up to their third year. But in none of the three areas can we find a nursery school. The only nursery school in Mésztelep in Tatabánya was closed down about ten years ago. Families with many children would not take their children to nursery school, as young mothers mostly did not have permanent jobs, and thus, they or the older siblings or members of the family could look after the children. The director of the kindergarten stated that attending the nursery school would be very useful as a preparatory phase for a successful work in the kindergarten, thus, she would strongly support it.

Except for the Budapest case, there is no doctor's office in the selected neighborhoods, and doctors can only be reached by public transport. According to law, nurses regularly visit women expecting babies and families with newborns and propose bringing them to a doctor if necessary. Unfortunately, there are no local nurse offices either in Tatabánya (it was closed down when the family care center had to move from Mésztelep and it was not relocated to VI-os telep) or Miskolc (see remark above about the newly purchased plot for the future family care center), but the nurse's office in District Eight is located in one of the neighboring streets to Magdolna district, however, not within its borders (yet still walking distance). No cases were reported of the medical service refusing to provide care.

A further interesting phenomenon is that in case children do not attend the kindergarten (eligible to those who are registered) or the school, parents are obliged to deliver a doctor's statement about any absence due to illness of their children. In case they cannot prove that their children did not go to school/kindergarten due to medical reasons, the parents are to pay a fine. In the Tatabánya case, the director of one of the kindergartens highlighted that the doctor who is responsible for the territory of VI-os telep tends to provide such statements even "retroactively." Thus, it is difficult to enforce regular participation of children in the kindergarten.

Figure 9.
Streets in Tatabánya's VI-os Telep and Mésztelep



The built up areas in all three locations are heavily deteriorated. Roads and common spaces are mostly in a very poor condition, there is a lot of rubbish, and garbage collection seems not to function. In Lyukóabánya, only a few hundred meters of the non-public transportation road is paved, in Tatabánya, the Mésztelep streets are in very bad state and in VI-os telep they are slightly better. Budapest's Magdolna district has a couple of streets with cobblestones and each house can be approached on foot. In addition, a square has been recently renewed (Mátyás Square), an intervention that was connected

to the mounting of a CCTV camera network, for much public landscaping had to be removed and public lighting put in place to achieve clear views for the cameras. The situation here is much better than in the other target areas.

Figure 10.
Unpaved Road in Lyukóvölgy



Figure 11.
Intersection at Magdolna Street and Dankó Street in Budapest



Garbage collection can be organized in areas where the quality of roads is sufficient (this is not the case in Miskolc Lyukó bánya) or where inhabitants pay for garbage collection (included in the rents for social housing in VI-os telep and Mésztelep in Tatabánya), use the dustbins properly, and place garbage in the dustbin. These conditions rarely exist simultaneously in any of the three selected areas (furthermost still in Magdolna, where it is a capital and not a district responsibility). Nevertheless, it is not only the locals that have to take more care to enable the waste management companies to clean the areas. Several interviewees reported that inhabitants from other parts of the city also dump their rubbish in Lyukóvölgy and Mésztelep, contaminating private gardens or roads.

Figure 12.

Uncollected Garbage in Tatabánya VI-os Telep and Mésztelep



Figure 13.

Construction Waste Dumped Illegally in Lyukóvölgy



Figure 14.
Waste in an Empty Courtyard in Magdolna District



A further infrastructure element is public transport. As highlighted above, both Lyukóhánya and the Tatabánya locations are underserved by public transport. In the Miskolc case, a large part of the area is far from the bus route; buses of the Miskolc Public Transportation company usually run three times per hour on weekdays and weekends. In the Tatabánya case, buses run hourly on weekdays until 5:45 P.M. and every two hours on weekends until approximately 7:00 P.M. to Mésztelep and every 30 minutes to VI-os telep—on the way to one of the more prestigious parts of the Tatabánya, Felsőgalla. The buses are contracted from the regional public transportation provider, Vértés Volán, which serves the city and other larger towns in the region. In addition, one ticket per person per route costs HUF 150–250, monthly passes for children HUF 1,800, for adults for one specific route approximately HUF 2,500–3,000, for all local routes HUF 4,000–4,500.

In the case of Magdolna district, in every bordering street there are public transportation routes (trams and buses) and two bus lines run across the district. Thus, inhabitants there have a lot of choices within a few minutes' walk to reach other parts of the city, and buses and trams go very frequently (five to 15 minutes both on weekdays and weekends, at night every 30 minutes). Fares of the Budapest Public Transportation Company are HUF 230–260 per person per route, monthly passes for children cost approximately HUF 3,000, and for adults approximately HUF 7,300. These prices are considerably higher than in the other two selected areas, but the service level is much better too.

In Hungary, 95 percent of homes have water supply and 62 percent are attached to the sewage network. The share of substandard housing is 13 percent.¹³ In all three locations, much of the housing stock lacks drinking water and connections to the sewage network. In many of the dwellings where there is access to water, it is created by “self-made” taps and rarely in separate rooms (kitchen or bath). Some dwellings have been equipped with some sanitation facilities (mostly without building permission and low-quality solutions), the quality of the stock is much worse than average in all three cities. In Lyukóvölgy (Miskolc), there are some inhabitants who have to walk four kilometers to access a public water well. In this area there is no sewage system.¹⁴ In Magdolna, the homes without water have access to drinking water within the buildings (e.g., in the courtyard or a “bathroom” on each floor). Typically, self-made solutions are characteristic.

Figure 15.
Public Well in Tatabánya VI-os Telep and Public “Toilet” (Privy) and
“Sewage Network” in Mésztelep



Public lighting is another problem. Normally, municipalities contract out this service to electricity providers that also maintain the functioning of private electricity connections. In the inner Budapest area, Budapest Electricity Works provides for electricity meters and public lighting; in the other two cases it is E.on and ÉDÁSZ companies that serve the regions.

Due to vandalism, however, the maintenance of public lighting is difficult, and mostly it is just the main roads of the selected areas that have proper lighting or lighting at all. (Mésztelep has almost none.) This means that, even though the infrastructure for electricity is in place, due to high “operation” costs, public lighting is not functioning. About 98 percent of all dwellings have electricity supply in Hungary, and this is also true for the selected areas. Nevertheless, for a considerable ratio of households in Mésztelep and VI-os telep as well as in Lyukóvölgy in Miskolc, the access is illegal and without metering. In these places, the electric pylon is used as “source” of private electricity through homemade connections that are very dangerous.¹⁵

Figure 16.
Individual Solutions to Access Electricity in Tatabánya's Mésztelep



In summary, local social, educational, health, and infrastructure services are of inferior quality in the selected areas compared with other parts of the selected cities. Poor households have poorer access to services, which is a case of discrimination. In addition, since the areas are stigmatized—as revealed in local interviews—the chances for upward mobility for the persons in the households from these settlements are also limited.

In all three cities, the populations of the target areas are seen as a costly business and as a political risk. There seems to be a consensus among decision-makers that there is still enough time to approach the problems but not in the current local-government period. This is surely true, but as the above elaboration shows: little steps of service withdrawal or underdevelopment of services mean a huge acceleration in the decline of such areas, and thus increasing social costs.

Housing Quality in the Three Selected Areas

Miskolc, Lyukóvölgy: It is categorized as periphery in Miskolc's local master plan, and are covered mostly by holiday homes and hovels (some of them are used for housing). Most dwellings are in private ownership.

Tatabánya, Mésztelep and VI-os telep: Mésztelep is a former officers and workers' settlement constructed in the beginning of the 20th century. Nearly all dwellings are in municipal ownership. There are squatters even in garages. A part of VI-os telep is a former miners' camp with the same buildings as in Mésztelep and another part was

constructed for higher officials. A considerable part of the area is “normal” single-family homes. Only those dwellings are in municipal ownership that are low-standard homes (the same houses as in Mésztelep).

Budapest, Magdolna: Most dwellings were constructed before the Second World War, and approximately half are in municipal ownership, mostly in buildings where all of the units are municipally owned. This is one of the most run-down areas in the Eighth District, and in the capital city. Nonetheless, this area is well connected with other parts of the district and Budapest due to its central location.

The sizes and populations and size of the housing stock of the selected areas differ. Lyukóvölgy represents 0.4 percent of the total dwelling stock of Miskolc, the two selected areas of Tatabánya are approximately four percent of all dwellings of the city, and 14 percent of all dwellings in District Eight are located in Magdolna¹⁶ (this equals to 0.7 percent of all dwellings in Budapest).

All three areas are characterized by lower-quality housing than the average in the selected cities, which can be measured with several indicators: number of available rooms per 100 inhabitants, the number of residents per 100 dwellings or rooms, average floor space, and public utility service supply in the dwellings.

The table below shows the “difference” between the selected areas’ data and the respective city’s data as the ratio target area to average city in percent. Raw data for the target spatial units and the respective cities/district can be found in the annex.

Table 1.

“Difference” between the Selected Areas’ Data and the Respective City’s Data as the Ratio Target Area to Average City in Percent (2001)

	Lyukóvölgy	Mésztelep	VI-os telep	District 8 ¹⁷
Number of rooms per 100 dwellings	74.5	55.1	85.9	78.7
Residents per 100 dwellings	110.6	131.3	123.8	92.7
Residents per 100 rooms	149.0	238.1	144.2	117.5
Average floor space, square meters	77.8	61.0	103.4	85.7
Dwellings in municipal ownership	0.6	21.3	10.7	25.0*
One-room dwellings, %	387.4	649.6	284.0	200.0
Two-room dwellings, %	75.1	34.2	78.3	96.2
Three-room dwellings, %	42.6	6.5	66.3	55.6
Four-or-more room dwellings, %	47.5	3.8	70.5	47.6

Note: * data are for Magdolna.

Source: CSO 2003a, CSO 2003b, CSO 2003c.

The number of available rooms per 100 inhabitants is in all three areas far lower than the average on the city level (55–85 percent with the lowest in Mésztelep and the highest in VI-os telep), and except for Budapest, it is also true the number of residents per 100 dwellings is 1.1 to 1.3 times higher than typical for the city.

The overcrowded condition of the dwellings becomes most striking when we explore the number of residents per 100 rooms: in each case this ratio is 1.2 to 2.4 times higher than characteristic for the cities as whole. The extreme is Mésztelep, where nearly 270 persons can be counted per 100 rooms.

As highlighted while discussing the “typical” histories of the emergence of the target areas, the dwellings in these areas are mostly smaller than the average (36–54 square meters, except for VI-os telep’s 61): the Mésztelep dwellings’ floor space is only 61 percent of the average, in Lyukóvölgy dwellings have only 77 percent of the average Miskolc dwelling size, and the District Eighth’s stock is only 85 percent of the size of an average Budapest flat. The size of the dwellings can also be characterized by the number of rooms. Not surprisingly, there is a much larger share of one-room dwellings in all of the selected areas than the average: in Lyukóvölgy 3.8 times, in Mésztelep 6.5 times, in VI-os 2.8 times, and in District Eight two times more than in cities.

While discussing the history and process of housing privatization, we mentioned that even without any further data, the large share of the municipal stock is a good indication or proxy for the presence and overrepresentation of residualized dwellings and marginalized households. In all areas, there are municipal dwellings: in the peripheral Lyukóvölgy only 0.6 percent, which is not surprising keeping in mind the area’s main features; in VI-os telep, 10 percent; in Mésztelep 21 percent; and in Magdolna, 25 percent. All these latter numbers are definitely higher than the average values for Tatabánya and District Eight (and Budapest).

A further distinctive housing quality indicator is the share of full-comfort and non-comfort dwellings in the selected areas. Compared with the average, the share of full-comfort flats reaches only 1–26 percent (which is 1–41 percent as a ratio of the average, lowest: Mésztelep; highest: District Eight), and the ratio of non-comfort dwellings is 37.3 to 79.3 percent (lowest: Magdolna, highest: Mésztelep). This is shocking, especially if we know that in case of Mésztelep this number is approximately 40 times higher than elsewhere in Tatabánya.

While discussing public service delivery, we stated that the supply of water and connection to the sewage network is lower in all areas than on the average. The following numbers affirm the above statement: Whereas on average 96–100 percent of the dwellings are connected to drinking water and 81–94 percent to the sewage network, in our cases (except for Magdolna) the first number varies between 54–90 percent, the latter 16.5–56 percent, which causes a considerable difference in quality.

Some photographs might add a little color to Tables 1 and 2 and their interpretation.

Table 2.
 “Difference” between the Selected Areas’ Data and the Respective City’s Data
 as the Ratio Target Area to Average City in Percent (2001)

	Lyukóvölgy	Mésztelep	VI-os telep	District 8 ¹⁸
Full-comfort dwellings, %	22.1	1.1	31.0	41.5
Comfort dwellings, %	91.0	60.5	476.7	181.8
Half-comfort dwellings, %	239.1	815.0	990.0	265.7
Non-comfort dwellings, %	900.0	3965.0	1215.0	478.6*
Substandard or emergency dwellings, %	763.2	38.1	357.1	116.0*
Dwellings supplied with water, %	56.7	74.2	89.9	100.6
Dwellings supplied with sewage network, %	18.0	59.6	54.4	109.6
Dwellings supplied with private sewage, %	838.3	338.5	751.9	0.0
Dwellings supplied with gas, %	1.5	0.0	148.1	104.1

Note: * data are for Magdolna.

Source: CSO 2003a, CSO 2003b, CSO 2003c.

Figure 17.
 Typical Courtyard in Magdolna



Figure 18.

Façade of a Two-room Terraced House (So-called Six-door House) in VI-os Telep



Figure 19.

Two Houses in Lyukóvölgy



Figure 20.
Wet Walls in Mésztelep



Figure 21.
“Garage” Dwelling in Mésztelep



Figure 22.
In a “House” in Lyukóvölgy



Past and Current Policies, Future Perspectives

Local governments and officials are well aware of the social problems in the target areas. In each of the target areas the municipalities mostly have applied some interventions, or launched the development of policies concerning the segregated areas.

The local population is also aware of the problems of the target areas or lives with the stigma of being a resident in the given spatial unit. They expect the “paternalist state” (in this case: local government) to change their situation. Normally, minority self-governments undertake some steps at least to give a hand to the local population to improve its situation. We know that actions might be considered at least ambivalent in some cases, too, e.g., when the management of the primary school in Mésztelep was taken over by the minority self-government, it became so dilapidated that it was torn down.

Institutional actors have tried to raise the awareness of government decision-makers and public institutions of the problems. Due to lack of resources, they have not had great success. Conflicts of interests among the social, educational, health, and local real estate management institutions hinder cooperation many times (e.g., no exchange of information about processes in place, no cooperation in solving complex cases).

An exceptional case is the Magdolna neighborhood where the local government has developed a long-term strategy, together with and based on a variety of stakeholders, and has been keeping the original plans with minor amendments. In the other cases,

however, although some local policies (social, housing, development, etc.) have an effect on the target areas, it is seldom the case that these are policies that directly targeted at influencing these areas. Thus the results are mostly unexpected, unforeseen, and many times controversial.

With this background, it is no surprise that the future perspectives of the target areas are also rather incidental, which can also be interpreted as a political response to the challenges the target spatial units “cause.”¹⁹

To sum up, we can hardly speak about policies in most cases. Rather it appears to be a collection of randomly made political decisions rather than strategies, which are sometimes conflicting with previous or forthcoming interventions. Great insecurity characterizes both the institutions working on the target areas but also the experience of local inhabitants.

The reasons behind this are manifold: lack of awareness, prejudice, political risks, conflicts among institutions, and the low capability of representation of interest of the vulnerable groups. It is important to keep this in mind while we discuss the effects of some recent interventions in the following sections.

Miskolc, Lyukóhánya

The concentration of vulnerable groups in the Lyukóhánya/Lyukóhánya area in Miskolc is the result of multiple processes, some of which are connected with other policies and interventions that are or were going on in Miskolc. Housing allocation policies applied by the municipality have contributed to the concentration of vulnerable groups in this remote area.

A part of the area used to be much better supplied with utility services (water and public transportation), because while the mine at the edge of the area operated, it provided the water supply, and the local transportation company operated regular lines to the mine from the town center. With the mine's closure, the water supply was cut and the bus routes were shortened. The accessibility and the value of the area as a whole declined.

The second process is a more radical phenomenon. Originally, Lyukóhánya used to be a recreational area of the city. In an accelerating process, the situation changed dramatically. Today there are more than 1,500 inhabitants who are permanent residents in the old holiday houses/hotels. Most of them have moved down socially and economically. The question is what accelerated the process and what has been undertaken to counteract the phenomenon.

There are at least three areas in the city that are segregated housing areas, mostly populated by the poorest groups, largely by Roma households who are marginalized. These are Szondi telep, Béke szálló, and József Attila telep (the so-called Számított

utcák is a further problematic area). Most of the homes in these areas are in municipal ownership and belong to the lowest quality housing stock of not only the municipal stock but also the city's housing stock as a whole.

In the past ten years, the municipality launched the demolition of parts of Szondi telep (by now approximately 50 percent of the dwellings are gone and no housing investments had been undertaken since then in this area. Seventy-five percent of Béke szálló has also been demolished). Both areas have strategic importance from a real estate value point of view (Szondi is close to the railway station, and Béke szálló is close to the main road and an "enclave" in an industrial area), thus the municipality included them as development areas in its plans and started negotiations with possible investors on these areas years ago.

The municipality supported renters from these areas who cancelled their contracts, either by offering them other social rental units or cash (approximately HUF 1–1.5 million). In the case where the given family lived in the dwelling as squatters, then no contract was issued to them and no compensation was offered. All these solutions are in compliance with the Housing Act and with the local decrees.

The rental units that were presented to renters who were willing to move were in other low-cost housing areas, sometimes even outside the borders of the city. Unfortunately, due to the lack of available dwellings, in many cases homes with full comfort but costly district heating were vacant and could be taken (mostly in the Avas housing estate, an area with a bad reputation and low housing prices in Miskolc). In 60 percent of the cases, the option of a rental dwelling was accepted. In other cases, cash was offered in return to leaving the rental sector.²⁰

Real estate prices in Miskolc, however, are considerably higher than the compensation that was offered. So the households had two options: to leave the city and buy a house in the outlying villages, or to purchase a house (holiday home or hovel) in Lyukó. Obviously, many of them opted for this latter solution.

In addition, many households who took costly social dwellings on the housing estates, quickly realized that the costs were unaffordable, fell in arrears, and their rental contracts were cancelled. The majority ended up either outside the city borders or they moved back to relatives to Szondi or Béke, or to Lyukóvölgy. Lyukóvölgy's population grew this way by at least 500 persons in the last five years (half of the inhabitants), as reported by the family care service based on their survey at the end of 2005.²¹

Surprisingly, the local government has undertaken nothing effective to counteract this process and did not even increase the available places in the kindergartens or schools. The inhabitants have received regular social benefits, but no extra service capacity was deployed to this area due to financial constraints. After the long negotiation process, two interventions were recently launched: (1) the opening of a local office for the family care center that would offer complex services (e.g., together with nurses), and (2) the development of a city level mid-term pro-integration (anti-segregation) strategy

with all the interested and affected stakeholders, also taking into account the population needs that come up in Lyukóvölgy.

The first intervention was implemented recently. A plot with buildings was purchased. The family care center doubts the rationale of this purchase, since the original function of this property was a butcher's, and a share of the existing buildings does not suit their intended function (and no permission could be obtained by now for reconstruction). The program for future activities (e.g., community building and a health program) was developed before the purchase. One of the bases for the health program component has been a series of successful "health days" organized with the cooperation of hospitals, nurses, the family care center, etc., with considerable financial support by the municipality. A concern of the coordinating institute (family care service) is that no voluntary workers will be available for future low-budget interventions (neither from the Roma minority self-government nor from social work students of Miskolc University or NGOs), which can impede the sustainability of any interventions to a great extent.

The second intervention began at the end of 2006. Cooperation among the departments of the municipality, the so-called "referee" of the Roma minority (civil servant of Roma origin responsible for Roma issues at the mayor's office), and the Roma self-government was launched to develop a six-year term pro-integration policy framework for Miskolc. Political support comes from one of the deputy mayors, and the largest coordination task is the responsibility of the Roma referee. The intention is to include pro-integration interventions in the development programs (achievable through EU co-financed projects) and to prepare a six-year term strategy for integration with spatial elements. There are previous cases of such initiatives, e.g., human resource development projects where teachers of some schools with lots of Roma children took part in courses to better manage multiethnic class work.

Unfortunately, no progress has been achieved in terms of strategy building, despite the expectation for a more coordinated and mainstreamed approach in local policymaking and fundraising benefiting vulnerable groups.

To sum up, the steps undertaken to draw attention to an emerging problematic area in terms of concentrating vulnerable families in a heavily underserved area have been only slowly acknowledged by the political players. Further interventions, however, seem to lack political support—alarming, knowing the scale and speed of the decline of the target area in the last five years. Demolition to counteract the emergence of a ghetto like Szondi telep needs immediate attention and present responses. Besides the awareness building of the political and institutional players, the local population has to be moved towards accepting the importance of intervening in the target area (and spending local money). This is one of the most important conditions for any sustainable actions in Lyukó.

Tatabánya, Mésztelep, and VI-os telep

The case of the two selected areas of Tatabánya has to be elaborated in a wider context than the inner-city processes of the last few years.

Tatabánya used to be one of the key heavy industry cities in Hungary; thus, the transition hit this area extremely hard. The mines and most industrial sites had to be closed down in the beginning of the nineties. The recovery of the local economy took approximately a decade. In this process new industrial and logistics sites were opened, with a strategic contribution of the municipality, and the unemployment level of the transitional years decreased substantially. From the target area populations perspective, however, these developments have largely passed them by, since it is mostly skilled workers for whom the new investments offered employment options.

The development of the housing stock of Tatabánya occurred in accordance with the labor needs of industry: housing estates were built in most parts of the city from the second half of the 1950s onwards, either on rural areas, by displacing the original population of some villages and moving them into the new housing estates, or by populating the then newly constructed housing with migrants and industrial workers from other parts of Hungary. The districts stemming from the early 20th century, which had lower comfort levels than the new housing estates, rapidly lost their advantageous position on the local housing “market” (at that time strictly under state control), and the starting position of these areas after the transition was already worse than others in the city.

The first signs of significant decline became visible before the industrial sites closed down at the beginning of the 1990s. Unemployed families from other cities where the mining industry first ceased then moved to Tatabánya. Besides employment possibilities, the strong social service network made Tatabánya attractive for these families. Evidently, they could access only areas of the city with lower housing costs, and with the assistance of the municipality, they mostly got homes (subsidized rentals) in Mésztelep, VI-os telep, and Kertváros housing estates (the lowest-status housing estates today). Even in 1989, reports indicated that these areas were “ghettoized.”

The transition brought about the marketization of the utility services, which caused a high rise in utility costs. This, however, pushed a lot of marginalized groups into arrears. The municipality moved those renters who accumulated larger debts to Mésztelep or VI-os telep, because the low utility service supply and the low rents in these parts meant a smaller housing cost and thus better affordability to these renters. The aim was to avoid evictions and an increase in homelessness in Tatabánya. This practice prevails even today. The result was a further wave of marginalized inhabitants to the area.

The wave of immigrants increased in the first years after the transition, and since there was not always a chance to legally settle down in the city (e.g., not registering or not waiting for a dwelling to be allocated), the number of squatters increased. Despite the large number of illegal occupants, no evictions were undertaken until 1995–96; by

then, nearly 15 percent of all dwellings in Mésztelep were occupied by squatters. Interestingly, as one interviewee remarked, in this period the municipality had to “compete” for the empty dwellings with squatters to allocate renters, e.g., with arrears there, a phenomenon which was solved many times by the local police. In addition, the housing stock has been reduced by the inhabitants themselves. A common practice has been to demolish parts of buildings or whole dwellings and sell off the remains as second-hand construction materials.²² This practice is continuing even today, unfortunately.

Seemingly, the municipality has included the process of the slow demolition of Mésztelep by the inhabitants themselves into the vision on the future of this spatial unit. Since there are no resources available to move the renters to other areas either in the city or outside the city, and no new housing investments can be undertaken, as the master plan has identified Mésztelep as industrial area since 1996, one of the local views is that in two decades the houses and thus the population will be gone from this area. Current allocation policies are in accordance with this view, too. If a dwelling becomes empty, the doors and the windows are sealed with bricks, so neither illegal occupants nor legal renters can move in. Once a complete terraced house of six (or 12) flats becomes totally empty, the local government demolishes it (unless it is taken apart by the inhabitants themselves).

The municipality applies a further allocation policy. It gives a hand for those moving out from the area either to VI-os telep or to Kertváros housing estates (low-prestige parts) and who regularly pay the rents and the utility service fees. The municipality actually considers parts of VI-os telep as the alternative to Mésztelep, but sees that VI-os telep might soon take over Mésztelep’s role and status in the local housing market and social stratification. Interviewees report that in the last 15 years the social composition of the two areas has come considerably nearer.

As for local government service delivery, inhabited homes are maintained, if only on a very low level, e.g., fixing chimneys or reconstructing the wooden privies in the courtyards (they normally are sold as construction materials or used as heating materials in homes). The resources for the maintenance come from other parts of the rental sector (cross-financing among the “costly” and “cheap” dwellings). The interviewees pointed out that luckily the aims of the housing strategy (prepared in 2003) were not carried out, because one of the tasks would have been to clean the housing portfolio of those dwellings that are scattered among the buildings all around the city (meaning one or at most two dwellings in municipal ownership in one building, the rest being in private ownership). Otherwise, today, there would be fewer resources for maintaining the target areas.

The management of the municipal housing stock used to be carried out by a private firm (Házgazda Kft.), but from 2006, it is the housing department that has taken over the responsibility for management. This means that the offices the company had in the target areas were closed down. The housing department has launched the reopening

of this former local office with a slightly different function. A so-called “superintendent” should be working and living in place, preferably a local resident from the Roma minority who could have a “gate-keeper” function in communicating the needs of the community towards the municipality, but could also perform minor works and maintenance tasks for the local housing stock, and could also cooperate with other local stakeholders (e.g., social workers). Unfortunately, this initiative has to be postponed at least until 2008, since there is a lot of political pressure on the housing department to operate more cost-efficiently than the former management company did, thus the expenses of such an activity have to be cut for the time being.

Similarly, the housing department organizes the cleaning of public places or empty plots in the areas, together with the regional branch of the National Health Service, several times each year, covered by rent revenues from other parts of the rental (residential or non-residential) stock. They apply these interventions in both Mésztelep and VI-os telep.

Recently, some negotiations were undertaken to restore—or again make legal—the electricity connections in at least some houses in Mésztelep and VI-os telep. The local government co-finances this project with the Ministry for Work and Social Affairs with HUF nine million. Currently, the selection of renters (they have to pay for installing the meters) participating in this project is underway, in cooperation with the family care center’s social workers.

Further local services were also affected by some interventions. The primary school in Mésztelep was closed down in the mid-1990s, and pupils were redirected to the VI-os telep primary school. The local minority self-government took over the former school building for cultural and community purposes, which also meant that they sponsored the maintenance of the building from their own—very constrained—budget. Unfortunately, the cultural center did not succeed, and it was closed after less than one year of operation. In half a year’s time, the building was demolished. Today, only the concrete “football pitch”—the former courtyard of the school—remains unused.

As already highlighted further above, social and most education service providers of Mésztelep and VI-os telep were concentrated in one location in 1997, and since then there is only one kindergarten in Mésztelep, all other institutions having been placed in VI-os telep.²³ Even this kindergarten is threatened with closure (such rumors have been around for three years) and it operates with one less group than in the past, although there would be enough interested children and enough rooms. If this kindergarten closes, children will either have to be taken to VI-os telep or to other kindergartens that can be reached by local transport. Despite the fact that VI-os telep and Mésztelep are close to one another, reaching the social service offices can be difficult, especially for families with children or disabled persons living in Mésztelep (see the previous description). The social workers stated that there was a significant decrease in the number of clients²⁴ after the family care center had to move. They are afraid that if the kindergarten

in Mésztelep ceases, then many children will not access any kindergarten service at all, hindering their successful integration and learning in primary school. Despite this, the kindergarten's playground area in VI-os telep was expanded recently in the framework of public works (financed by the municipality for unemployed persons), and the windows and pipes were changed in 2005, which means that this kindergarten received more development funds, as opposed to Mésztelep's kindergarten, and will most probably continue to operate, ensuring the access to this service in the future.

Mésztelep is isolated more and more—and it seems VI-os telep as well. No strategy has been developed, nor are there public future perspectives on demolishing or sustaining the community, resulting in a high level of insecurity, not only for the local population, but also for the institutions working there. The selected areas house, by far, the poorest of Tatabánya. Among them few households can move “up.” Those who did were replaced by poorer families (coming from rural areas in Hungary), contributing to further decline.

Taking responsibility for these households seems to go hand in hand with political risks—the costs of managing settlements and social housing there are seen as a large burden by the local government, yet demolishing and displacing (integrating?) the inhabitants is seen as unfeasible on the short run, or even in the midterm, since the mid-1990s. One and a half decades later, and a new generation of kids has been born. Their prospects are even worse than their parents' and the social costs are high if they cannot be integrated in Tatabánya.

We have to emphasize that there is still no policy for the target area, although there have been many smaller or larger interventions that have shown some effects. But political risk that has been avoided by non-action has caused another risk: the increasing problems of those who stay, their children, and later generations. Their difficulties will worsen in such a state of neglect, and hence any corrective action will be more costly and more difficult to implement.

Budapest, Magdolna District

Among the selected target areas, it is only Magdolna that has a operationalized development concept. The first attempt to deal with the area goes back to the mid-1990s. This is exceptional, not only compared to the other two cases but to most Hungarian cities. It has started to be implemented, even when circumscribed by difficult political debates and deceit. According to the interviews, this has a lot to do with the institutional set-up behind and for the interventions, which ensures continuity for the programs and projects.

First of all, let us explore the interventions the municipality has been planning and carrying out since the mid-1990s. District Eight has launched several interventions that

directly or indirectly affect the target area. The district itself is a heterogeneous area, comprising high-value areas in the heart of the capital district but also underdeveloped and brown-field areas further away from the very center (e.g., the former Ganz plant, a closed down railway station, and a huge “Chinese market” on a former railway plot).

By 2001, several concepts and strategies were developed to answer the specific needs of the district and counteract the disadvantageous processes that threatened to push the district into irreversible decline. Completed in 2001, the former development concept of Józsefváros (the name of the district) summarized and united a variety of steps to be carried out. Concrete interventions were planned in specific areas, but basically no territorial approach was applied. The rehabilitation concept (a part of the united development concept) concentrated first on the inner district, and after completing tasks there, moved the focus to the middle and outer areas of Józsefváros. During the rehabilitation work in the inner areas, the reputation of the district improved.

The Development Concept of 2001 tried to synthesize the sectoral and spatial approach. RÉV8 Rt. (the real estate management company of the district) took over the planning for complex and horizontal interventions that affect well-definable areas in the district. They brought, in accordance the former development goals with the Budapest Development Strategy and the local Master Plan, and applied a new approach. Their largest project, which is carried out as a public-private partnership, is Corvin Alley (formerly Corvin-Szigony Project), where a new part of the district will be established on the grounds of a run-down housing area.

The 15-year District Development Strategy prepared by RÉV8 Rt. in 2004 defined 11 spatial units in the district and suggested different development tasks for each part in order to be in harmony with the different features and characteristics of the areas and to strengthen the identity of each area. All development proposals are in accordance with the district’s development visions and goals. Horizontal programs ensure answering the global social and economic problems of the district, and connect the areas’ development phases.

One of the 11 areas defined in the concept is Magdolna: recognized as having one of the worst situations among the 11 spatial units in terms of social and physical characteristics despite some beneficial processes that have taken place in the district as a whole (e.g., improvements in security, rising service levels, investments in the district). The District Development Strategy thus proposed a list of 13 interventions for Magdolna (with a timeline between 2005 and 2019 and approximate costs) comprising:

- school renovation
- community development,
- reconstruction of public areas,
- construction of a nursery school,

- crime prevention,
- preserving of architectural values,
- construction of an underground car park,
- construction and renovation of social rental dwellings,
- reconstruction of two kindergartens, and
- institutional development.

These interventions served as starting point for a more compound development strategy for Magdolna in 2005, which is in compliance with the Budapest Rehabilitation Strategy, but at the same time is capable to absorb development funds coming from EU co-financed resources from the Hungarian National Development Plans (2004–6 and 2006–13) or other European Level projects (e.g., DWELLON launched in 2007).

The mid-term elements of the program ran between 2005 and 2008, and they focus on a diversity of themes, some of which are already ongoing. We will discuss these most recent program elements more in detail below.

- Reconstruction of the main square of Magdolna (Mátyás Square)
- Reconstruction of residential buildings in cooperation with the residents
- Establishing a new community building on Mátyás Square
- Ensuring space for operation and programs for social-health and socio-cultural institutions in the community building
- Education, employment, and crime-prevention programs
- Social work with focus on community development

Both development and management of the strategy and the related interventions has been carried out by a team at RÉV8 Rt. The team consists of sociologists, architects, urban planners, and economists. At the same time, the offices of RÉV8 Rt. function as a contact point with the local population (it is outside the Magdolna area, but within walking distance).

While discussing the political field RÉV8 Rt. within which has to act, one of the most important statements that the interviewees made was that, generally, the local governments are only interested in interventions that are beneficial for them politically, financially, etc., in the short run, and it is very difficult to sustain a mid- or long-term approach. It is thus mostly in the institution's interest to develop such a mid- or long-term strategy: first, because this is the way how results can be achieved and, second, because this can ensure its continuous operation. Thus, to ensure the operation, plans have to be developed so that no political forces can intervene or become an obstacle.

To sum up, without a program idea that cannot be defended professionally, no such rehabilitation institutions can work.

The programs to be launched or that have been already started are organized in a hierarchy, though the crime-prevention program element, one of the most crucial bases, can stand also on its own. On the other hand, the interviewees stated that to let the residential building reconstruction program, for example, stand alone would not make much sense. It is embedded in the context of the whole program and is considered as a tool for community building, awareness building, and helping the local population engage in the process. The capacity of the current team is the complex “renewal” of three to five residential buildings at once; thus the scale of the program has been reached by now (four houses with approximately 200 households). The renters in the houses have to contribute by completing minor works, which is sometimes more problematic than assumed. By the end of 2006, just the basements of the houses had been cleaned up by the inhabitants (together with the team), but a very serious social and community building work had to precede even this intervention. The philosophy of the program is that one step from RÉV8 Rt. has to be followed by one step by the inhabitants, and so on.

The program element concerning public places has been launched with the renewal of the main square of Magdolna (Mátyás Square) and converting the adjoining streets into slow-traffic areas.

There are plans underway to launch the employment program element that would include educating locals for construction and renewal work and to direct them to so-called quality-assured enterprises managed by local Roma entrepreneurs. RÉV8 acts in this process both as labor exchange and as facilitator for establishing new enterprises, since it has the exclusive right to rent out offices or workshops in the district.

A further and more mature program element underway is education, carried out by the local school and several NGOs. RÉV8 Rt.’s role is mediation among the actors and between the program providers and the population and, of course, to be an initiator, because the school is keen on receiving and implementing ideas but not so keen on developing its own targets and goals. One of the aims is to make the school open both for parents and children, and to make sure that, through events, it will take a focal position in Magdolna’s community life in the near future.

Many of the concerning regulations and the tools of the program are still to be elaborated. Some outstanding questions are:

- Can or should the renovated public dwellings be privatized?
- How can RÉV8 Rt. counteract a fluctuation of the population for which new programs and interventions are designed?
- When to launch the next program steps?
- Which resources can be added to the current ones?

- How to reshape the institutional framework, e.g., for housing management in the area, etc.?

Nevertheless, we must add that a constant exchange of practices among cities is undergoing in Hungary, and also on international platforms in the framework of numerous international urban and social housing networks.

In summary, the aim of the program is to counteract the further decline of the area. This goal ought to be achieved by broadening the services (also education), improving social work, and investing in local infrastructure. In addition, strong political support is needed to ensure the further inflow of financial resources and raise the capacity of the team. Without the political support of the district, Budapest, and the Central Hungarian Region, no national importance (and hence funding) can be given to this pilot project.

Magdolna and the management of the program are exceptional not only in the framework of comparison among the three cases but also in Hungary. What makes this program different is the long-term approach of the local leadership, and the ability of the program managers to keep a political consensus about the importance of the program alive through constant negotiations and the conceptual profoundness of the intervention. Only then is it possible to channel further resources and funds to implement the program elements and thus to keep the targets in harmony with the necessary timing of the program actions.

A Closing Remark

So far, local service delivery and housing was elaborated with descriptions of past processes and policies that have an impact for the future of the areas. Interventions ongoing in the cities have direct or indirect effects on the selected areas, and even unintended results might occur within short time periods.

Service delivery, and the decline in service levels and quality, is only one of the aspects of downward filtration of a spatial unit. The gradual decline or the lack of upkeep of a given level in services in a given area *does not counteract* the concentration of vulnerable groups, as it is visible in all three cases. Moreover, the concentration of low-cost housing that can be attributed to low infrastructure supply *contributes* to attracting vulnerable groups and thus gathering the pace of deterioration of an area.

From the interviews, it is clear that the “decline” of the areas speeded up when the most vulnerable groups, especially very poor Roma families, moved to the given areas, partially as a direct consequence of allocation policies applied by the municipalities, and the withdrawal of investments in service delivery was followed by cutting back services in the selected areas.

A key finding has been that if a municipality leaves a target area to its own fate, e.g., by withdrawing services there, it might do so with the intention or—in other cases—lack of knowledge of pushing the spatial unit into further continuous decline. On the contrary, if interventions are planned at least, and solutions are sought, this might give a chance for maintaining a certain quality of life and service delivery even in peripheral areas. Last but not least, this helps to recreate the identity of the settlement and contributes to reduce the stigma connected to the area. Thus municipalities have, through their public service delivery obligations, a key role in the performance of urban areas. A lack of municipal leadership will, typically, only contribute to the decline of such areas and lead to an increasing gap between them and the rest of the settlements.

The stakeholder institutions and local population's participation in this process is of utmost importance, because without a profound social and institutional basis, and political support, the continuity of interventions can be endangered.

The three areas differ in many aspects that determine their current situation. Even more important is that the future of the areas will most probably diverge, since in two of our locations there is little awareness and a lack of political will for an integrated and targeted intervention to counteract the decline of the areas. Magdolna, the Budapest target area, represents a clear-cut alternative. Based on research, experiences in the recent past, social work, and elaborate planning, the local population's inclusion, and fundraising activities, a long-term approach has been applied in an experimental social rehabilitation program. The first results are still to come. But there are promising lessons even from the first couple years of the program period.

FEASIBLE GOALS: RECOMMENDED PERSPECTIVES OF THE SELECTED LOCATIONS

Based on the evaluation of past and current policies and the current situation in the three selected areas, this section deals with options for counteracting the spatial concentration of vulnerable groups.

In order to achieve the desired result, however, options of a wider context will be discussed. It is not just the concrete actions, such as construction possibilities, but further tools that will be discussed: regulation possibilities, fundraising capacities, and strategic actions. We will see that the suggested options differ with hindsight to their effects on the spatial concentration of vulnerable groups and on the local service delivery's distribution or composition in the target areas. The elaborations delivered here are kept in the framework of policy options and they do not contain descriptions of the technical and institutional details of a step-by-step process.²⁵

The possible goals from the perspective of the spatial units are

- 1) keeping the status quo and applying the policies that are in place currently,
- 2) investing in low-budget infrastructure upgrade and little improvement of service delivery,
- 3) heavily increasing service delivery with the aim of keeping the local inhabitants in place,
- 4) improving service delivery and infrastructure supply with the aim of repositioning the residential area and gentrification, and
- 5) eliminating and changing function.

The following sections describe the given option's main characteristics, pros and cons, and its feasibility in the selected target area. Since the options for all three areas are only theoretically possible, only the most suitable will be represented in the final section of this chapter.

The selection of the options for the target areas, as discussed below, is based on feasibility. Does an option halt the decline of the target population?. Does it improve the target area's prospects? Can it be completed within cost and time constraints? Can or will local political factors support it?

Option 1: Sustaining

Urban areas represent an entirety of diverse spatial units with different histories, functions, physical attributes, and social composition. All areas have their place in the urban texture. Territorial parts, can change, exchange, or lose their roles depending on the dynamics of urban processes. The numerous factors behind such processes can be organic, e.g., based on demographic or market processes, but they can be connected to a variety of institutional interventions.

The fundamental messages of this elaboration is that despite the fact that spatial units suffer social tensions due to the overrepresentation of vulnerable groups, the areas have a *raison d'être*—because without them other spatial units would have to fulfill their function.

Keeping this in mind, the current policies would be sustained, the ongoing processes would not be modified, and no further interventions would be planned. As we can foresee based on the descriptions of the areas, the outcome for each of the selected areas would be different in terms of scale and intensity. Nevertheless, an obvious result is that areas with high social tensions and people without future will emerge.

Based on the lessons from three selected cases, most probably the fluctuation of people to and from the target areas will accelerate, which will contribute to a further

segregation of the institutions in the neighborhood of the target areas. For example, this means that kindergartens and schools will sooner or later become 100-percent Roma schools, offering very little prospects for the pupils who will face problems that the current service delivery system cannot counteract. The gap between the given area and the city average will deepen. This “non-action” (lack of any action) is thus unacceptable, keeping in mind the aim of halting the decline of the target population.

Option 2: Low Investments

The second option aims at keeping the local inhabitants in place and halting the further decline of the area. In order to accomplish this, low-cost investments can be undertaken that serve access, health, and basic social needs.

It is important that the actions undertaken through these investments target the viability of areas that lack basic services, e.g., by paving roads, providing public lighting, collecting waste, and easing access to clean water and electricity. Without such investments, living conditions cannot be improved, since any actions that would be based on the involvement of the local population, e.g., community building or development programs for children (i.e., to improve skills for kindergarten/school), will most probably be unsuccessful.

Advancing any tools that serve access is crucial. No integrative actions can take place, either on the physical or infrastructure level if access is not improved. In addition, services that serve everyday life—e.g., basic social services such as child care and social work—have to be provided locally to increase participation and to gain opportunities for interaction with the local families and preparation for any future improvements.

The timeline is short to mid term in the case of this “package,” since we can consider this option as a starting point for long-term approaches. The cost depends on the existing services and infrastructure in place. To gain political support for such interventions, however, one-time expenses should be kept low and operational expenses can be increased slowly (e.g., additional staff for social care in place). Parallel, preventive actions should target the rest of the city to counteract further influx of other members of vulnerable groups into the target area and ensure the viability of the results of low investments in the short to mid term.

Option 3: Social Rehabilitation

Social rehabilitation is a kind of area-based approach that states that investments in infrastructure and service delivery target the current inhabitants. The goal is to retain most of the local population and, in parallel, raise the level of the target area to one approximate to the levels of the surrounding areas.

This option is only feasible in areas that are connected to the urban fabric. The goal is to improve and strengthen the potential role of the target area based on its geographical location (in the network of urban places), and to achieve a transparent, vivid, and sustainable urban place that is established on integrated interventions instead of a spatial unit that cannot be easily “entered” (this is the basic characteristic of a ghetto).

Actions connected to crime, education, social, health, transportation services, infrastructure (housing, waste, water, public space) are organized with intensive, inclusionary, and participative planning and social work to build the community and to raise the awareness and responsibility of the local population.

Such interventions are grounded on the interrelated nature of processes we know from labor, education, etc., e.g., private and public players in education improve access to labor by offering vocational training possibilities that are “hot” on the job market, whereas education services may use local workforce resources by employing local inhabitants. Local responsibility is increased through the community’s participation in environmental programs and anti-crime initiatives, while improved public spaces allow for less crime and provide local employment, etc. What sounds easy in theory, however, can be only implemented on a long-term basis. The involvement of the local population, actors and institutions takes time, since their commitment has to emerge via strong community building.

In addition, social rehabilitation programs involve a lot of costly infrastructure and institutional development—which require planning, long-term funding, and professional and well-monitored implementation—and long-term political support.

Option 4: Rehabilitation

Option 4 comprises considerable infrastructure investment in the housing stock and common areas, basically aimed at raising the level of the target areas to the that of the level of surrounding areas near and far.

The rationale behind this intervention is to capitalize on the value gap (that is, the gap between actual value and best-use value) that stems from the under utilization of the given areas. If such an intervention takes place, however, it can cause gentrification of an area and force the current population out; better-off families will then take their place. Recent examples in Hungary show that an extensive “export” of social problems and tension takes place, which might mean relief for the local government concerned, but not at all for those locales that end up absorbing the newcomers. In addition, it will mean that other players will have to intervene so as to “convince” or provide incentives for the receiving local governments to take on responsibility for this “costly group of people.” The profile of services (among them public services) will have to be broadened. The result of rehabilitation of the housing stock and common areas in the current legal environment would require

significant work and long-term support from the local governments, as it would be legally bound to relocate the population residing in socially subsidized housing.

Option 5: Elimination and Change of Function

This option is a package of interventions designed to create a new function in the urban fabric instead of that of an existing area, resulting in a complete change of use of the given target area (i.e. brown-field investments). Such interventions are mostly undertaken for purposes of local economic development, when new tools are required to vitalize the functions of a city in the network of other settlements and among competing cities.

A further possible situation for applying such interventions arises when there are untenable areas with uncontrollable social tensions (e.g., as was the case for demolishing housing estates, or parts of them, in western Europe).

Typically, when such interventions applied in the framework of extensive urban development, green-field investments are undertaken, whereas intensive urban developments utilize former brown-field areas for uncovering “new” sites.

The last option requires similar methods as highlighted above (e.g., displacing the population), which impose a great burden on local governments; thus, a profitable change of functions has to be undertaken to cover the costs and risks of the intervention.

RECOMMENDATIONS

Miskolc, Lyukóánya

At present, the periphery of Miskolc will remain a mixture of holiday homes and a last resort to those very poor households who cannot purchase a home elsewhere in the city but still want to be near the services and social services network of Miskolc. A slow tilt for residential functions will be observable in the mid term.

The high concentration of families residing in substandard dwellings, however, will lead to a deterioration of health and social conditions, which might be further augmented by a constant increase of households with similar social problems moving in either from other parts of Miskolc or from other settlements. This process will halt only after the period when all other poor spatial units (Roma settlements) in the city are eliminated, and the population living there finds new places to live—Lyukóánya being the only feasible housing option within the city borders because of its low prices.

The higher concentration of poor families will contribute to a downward spiral, since no investments will be made either in housing, or in any other infrastructure. Without

employment possibilities, a dependence on social benefits will be characteristic for most of the population. The quality of social and educational services within a convenient distance will worsen due to ongoing segregation at schools and kindergartens, and the work overloads for the social service institutions (social workers and administration) will increase, unless the institutional development is in place and the appropriate actions are made in time.²⁶

In the case of Lyukóháza, the recommendation is to sustain the area with minor investments, e.g., in social service delivery (speeding up the process that was launched recently), and in a later phase—when other Roma settlement areas of Miskolc are demolished—to prepare and implement a Magdolna-like complex social rehabilitation program to increase the social value and reputation of the district parallel to the process when Lyukó becomes fully occupied. This means that preventive actions (education, health, social) should be in place in time, and should already be elaborated, but large-scale interventions should be kept back for the first period.

Miskolc does need a residential area for the lowest strata of society; thus, costly infrastructure investments should be avoided. Nevertheless, basic and assisted services for the marginalized groups should be provided in order to enhance the chances of integration. Otherwise, a ghetto will be established which will bring extra costs and work for the local government.

Thus, the next recommended steps are:

- establish and operate local social service delivery with extended activities by mid-2008 at the latest—e.g., health and vocational training activities;
- continue to update the data on the local population and its needs;
- based on the activities and the data, elaborate a complex intervention program and launch some community-building activities with an extended social staff in order to establish a basis for complex interventions;
- raise awareness of the decision-makers for inclusive and sustainable policies;
- raise awareness of the majority population through campaigns for inclusion;
- raise awareness of the declining population living in other parts and target them with extended social services (e.g., debt management and more intense social work);
- as a basic infrastructure investment, provide gravel roads instead of the unpaved ones to ensure access to public transportation routes and to school, as well as garbage collection;
- improve local capacity for fundraising that contributes to developing and implementing an integrated strategy.

The cost factors are rather low for these interventions. The operation of the new family care center costs, on a yearly basis, approximately HUF 21 million (10 percent of the total current expenditure of the family care center is included), whereas the basic investment in plot purchases has already been accomplished. The extended staff can undertake data collection and updating, and all current staff at the municipality can cooperate in the strategy building. Local campaigns can be financed with a few HUF million. The approximately HUF 200 million expenditure on housing allowances and rent rebates can be extended by 10 percent for further inclusion. The infrastructure investment is a low-cost factor, too; a few HUF million is sufficient to complete the road upgrade. The investment need of the new family care center can, on the other hand, reach HUF 30 million, if extra services are to be housed there.

Altogether, a yearly operational expenditure of approximately HUF 40 million is needed (it is less than 1.5 percent compared to the social expenditure of HUF 2.7 billion in 2007), plus an investment need of approximately HUF 40 million is sufficient to upgrade the most necessary infrastructure (road) and the family care center. Additional funds for programs run by the region and the city in the framework of the Regional Operational Program add elements of employment and educational integration.

Tatabánya, Mésztelep, and VI-os Telep

Interventions in the selected Tatabánya areas would diverge in the case of this option.

Mésztelep is an enclave bordered by two railway lines and the former main road connecting Vienna, Győr, and Budapest. It is practically on the east-west axis, and very easily approached from the M1 highway. This would strongly suggest the changing of the function of Mésztelep to a logistics or industrial site, keeping in mind that, in the neighboring parts of Felsőgalla, there are enterprises next to the road that could be a starting point for cluster building. This would offer an option for further local economic development.

Of course, all social burdens and costs of displacing the population would highly increase the costs of changing the function of Mésztelep.

In the case of VI-os telep, a residential area with declining but also stable parts, a change of the function from residential to other, e.g., industrial or recreational, seems irrelevant.

If only taking into account the declining parts (consisting mainly from social housing), new functions would mean service development. Since there are only a few shops and services available, and although a considerable part of VI-os telep represents purchasing power, spending is now directed towards other parts of the city, which is quite a time-consuming activity taking into account the frequency of public transportation. Alternately, a recreation area could be established here, which also could attract

the Felsőgalla population (a part of the city “opposite” VI-os telep and neighboring Mésztelep) and, at the same time, compensate for the changing function of Mésztelep, if undertaken simultaneously.

It is also true for VI-os telep, that the high social burdens and costs of dislodging the population would considerably raise the costs of a function change.

In the case of Mésztelep, the recommendation is to demolish the settlement and change its functions into a logistics center. This intervention should go hand in hand partially with sustaining VI-os telep and assisting households to move from here so that their places can be taken over by former Mésztelep inhabitants.

In addition, no further cuts in social, education, and health service delivery are recommended. What is needed is to upgrade some parts of the social housing stock and ensure a more intensive presence of social work, education, training activities, and community building in the area.

The aim is to counteract a possible further decline of VI-os telep. If this does not happen, a second Mésztelep will emerge, an area with high social tensions and people without a future. On the other hand, similarly to Miskolc, Tatabánya also needs to offer housing opportunities for the poorest to avoid homelessness.

The time frame of this intervention depends very much on the success to allocate dwellings to the local inhabitants, which can take approximately five years.

The next recommended steps are:

- raising awareness of the local population for a possible change in function and their participation in the process;
- upgrading empty dwellings in VI-os telep and allocate dwellings in other parts of the city to those who can afford it;
- launching intensive social work for the relocated households and the target areas;
- targeting moving households with extra social benefits (debt management and housing allowances);
- attracting functions that show a slow and constant upgrade of the area to counteract illegal occupancy.

The interventions are costly—allocating the 400 households will be difficult and will most probably cost approximately HUF three to four billion (including further allocation of those moving on from VI-os telep). This can be only financed if an appropriate utilization of the area is done.

The local social work can be strengthened by increasing the social staff by three persons (10 percent)—approximately HUF nine million per year, and by a yearly extra social expenditure of HUF 20 million (five percent increase of the local total social expenditure) over five years. This means that the local economic development agency

(part of the municipality) will have to match its activities with the social department for a short-term period to attract a twenty-fold investment than what is needed to be spent during five years on reallocating and integrating the affected households.

Budapest and Magdolna

In the case of Magdolna, the current development policies should be complemented by changing some functions to diversify the role of the area in the district and Budapest context and make best use of the potential of its location and current architectural and technical features. Basically, the development policy of Magdolna should stand as a best practice case for other urban rehabilitation processes where the residential function for a majority of marginalized groups has to be ensured.

The local rehabilitation office has to get funds to grow so as to increase the pace of developing projects and negotiation potential. If this does not happen, the development process will slow down and there will be no capacities to improve the projects.

The steps to be undertaken on the short run are as follows:

- elaborating the options of new functions in the area;
- contacting investors (there are already some in the neighboring areas) to develop feasibility plans;
- channeling local budget funds towards feasible cultural/recreational investments and organize fundraising (e.g., additional EU funds).

The local rehabilitation office (RÉV 8 Rt.) has to have access to more funds to finance extra human resources to facilitate the process—approximately three persons can complete the above issues in the short run. This means a yearly extra expenditure of approximately HUF 10 million.

Local funds, as matching funds, for investments can be coordinated by the Central Hungarian Region and local decision-makers, but there is little chance to get access to additional considerable financial resources in the next few years, as the Magdolna Project already has an approved budget that is the highest among all local expenditures (and the total budget of the local 10-percent contribution is co-financed from Structural Funds to 90 percent, the mid-term scale of expenditure is close to HUF 900 million). The second phase of the project is among the 191 “large projects,” a positive step, and thus the project is financed at least until 2013 (it ends in 2020).

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APPENDICES

Appendix 1: Methodology

The research has been based on:

- interviews with local stakeholders, policymakers, officials, NGO representatives, service providers and institutions, condominium representatives, households;
- document review related to local policymaking (e.g., development strategies and documentations on service provision, and local regulations);
- data analysis and secondary data analysis (local government data, national statistics, if available, surveys taken out in the target areas—e.g., in the Eighth District of Budapest);
- literature review.

The interviews

Magdolna:

- Interviews carried out with the project staff and management on the target area and the interventions, bottlenecks, and progress (until the time of writing, four houses with 200 inhabitants have been directly involved in the rehabilitation project actions besides the renovation works and the education programs running in the school).
- Interview with the mayor of the district.

Miskolc:

- Interviews carried out with the deputy mayor responsible for development, the minority referee at the municipality who is involved in communication with the Roma minority (but not the local minority self-government) and developing the new strategy for desegregation, referee for NGOs, Social Services Department (for further collection of data), and family care center and child welfare service, territorial representatives of the municipal asset management company.
- Site visits—visiting vulnerable families.

Tatabánya:

- Interviews carried out with the responsible deputy mayor (he was also candidate in this area but lost the elections), Social Services Department (they carried out some research there in 1996 and 2001), the family care center and child welfare service, the housing department (which is at the same time the asset management company), and the directors of two kindergartens on the target area.
- Site visits—visiting vulnerable families.

Appendix 2: Data from the Census, 2001

Table A2.1
Census Data from Miskolc and Lyukóvölgy, 2001

	Miskolc	Lyukóvölgy
Population (total)	184,125	981
Population (0–14 years), %	15.2	22.7
Population (15–39 years), %	36.3	33.3
Population (40–64 years), %	33.5	33.6
Population (over 65), %	15.0	10.3
Number of children per 100 adults	22	34
Less than eight grades, %	15.2	26.9
Primary school, %	21.4	36.7
Secondary school without A-level exam, %	18.2	21.7
A-level exam, %	28.4	13.0
Higher education, without diploma, %	3.5	0.3
Higher education, %	13.3	1.4
Number of households	71,443	360
One-person households	19,627	98
Households consisting of more than one family	1,786	15
Persons per 100 households	248	273
Employed persons per 100 households	85	65
Number of families (total)	51,265	270
Single-parent families	9,757	43
Family members per 100 families	285	303
Children per 100 families	104	119
Children below 15 per 100 families	53	80

Table A2.1 (continued)
 Census Data from Miskolc and Lyukóvölgy, 2001

	Miskolc	Lyukóvölgy
Employed, %	33.3	15.9
Unemployed, %	14.9	52.4
Inactive, %	49.5	44.8
Inactives per 100 employed	98	223
Dependents per 100 employed	84	196
Number of buildings	24,552	277
Number of residential buildings	23,842	261
Number of holiday homes	710	17
Number of one-story houses	21,595	277
Houses containing 1 dwelling	20,377	261
Houses containing 2–3 dwellings	1,322	10
Houses containing more than 4 dwellings	2,853	6
Number of dwellings	73,447	310
Vacancy rate, %	4.24	2.90
Number of rooms per 100 dwellings	243	181
Residents per 100 dwellings	254	281
Residents per 100 rooms	104	155
Average floor space, m ²	63	49
Dwellings in municipal ownership	4,877	30
1-room dwellings, %	11.9	46.1
2-room dwellings, %	49.0	36.8
3-room dwellings, %	28.9	12.3
4-or-more room dwellings, %	10.1	4.8
Full-comfort dwellings, %	65.5	14.5
Comfort dwellings, %	25.5	23.2
Half-comfort dwellings, %	2.3	5.5
No comfort dwellings, %	4.7	42.3

	Miskolc	Lyukóvölgy
Substandard or emergency dwellings, %	1.9	14.5
Dwellings supplied with water, %	96.2	54.5
Dwellings supplied with sewage network, %	91.6	16.5
Dwellings supplied with private sewage, %	4.7	39.4
Dwellings supplied with gas, %	88.0	1.3
Number of registered businesses per 1,000 inhabitants	88	20
Number of food stores	446	1
Number of clothing stores	472	0
Number of pharmacies	37	0
Number of tourism facilities (total)	961	226
Number of pubs	4	2
Number of doctors	95	0
Number of kindergarten places	5,806	0
Number of primary schools	46	0
Number of other educational institutions (excluding higher education)	42	0

Table A2.2

Census Data from Tatabánya and Mésztelep and VI-os telep, 2001

	Tatabánya	Mésztelep	VI-os telep
Population (total)	72,470	1,365	2,163
Population (0–14 years), %	16.4	31.1	26.3
Population (15–39 years), %	36.2	34.6	34.6
Population (40–64 years), %	34.2	29.1	28.6
Population (over 65), %	13.1	5.3	10.5
Number of children per 100 adults	25	51	45

Table A2.2 (continued)
Census Date from Tatabánya and Mésztelep and VI-os telep, 2001

	Tatabánya	Mésztelep	VI-os telep
Less than eight grades, %	18.6	40.1	31.0
Primary school, %	25.3	40.1	38.0
Secondary school without A-level exam, %	23.9	16.9	17.6
A-level exam, %	21.5	2.8	10.1
Higher education, without diploma, %	2.1	0	0.4
Higher education, %	8.6	0.2	2.9
Number of households	28,686	407	712
One person households	7,639	96	177
Households consisting of more than 1 family	644	25	32
Persons per 100 households	246	324	294
Employed persons per 100 households	97	55	64
Number of families (total)	20,946	326	546
Single-parent families	2,769	44	68
Family members per 100 families	287	352	327
Children per 100 families	103	180	150
Children below age 15 per 100 families	55	128	101
Employed, %	48.7	24.4	30.1
Unemployed, %	8.0	33.0	29.0
Active, %	53.0	36.4	42.4
Inactive per 100 employed	83	207	155
Dependents per 100 employed	68	256	181

	Tatabánya	Mésztelep	VI-os telep
Number of buildings	7,602	76	368
Number of residential buildings	6,785	76	368
Number of holiday homes	817	0	0
Number of one-story houses	6,062	73	361
Houses containing 1 dwelling	5,674	0	188
Houses containing 2–3 dwellings	291	6	148
Houses containing more than 4 dwellings	1,637	70	32
Number of dwellings	28,912	394	650
Vacancy rate, %	3.62	1.78	5.54
Number of rooms per 100 dwellings	227	125	195
Residents per 100 dwellings	256	336	317
Residents per 100 rooms	113	269	163
Average floor space, sqm	59	36	61
Dwellings in municipal ownership	1,799	383	192
1-room dwellings, %	11.9	77.3	33.8
2-room dwellings, %	60.5	20.7	47.4
3-room dwellings, %	19.9	1.3	13.2
4-or-more room dwellings, %	7.8	0.3	5.5
Full-comfort dwellings, %	89.6	1	27.8
Comfort dwellings, %	4.3	2.6	20.5
Half-comfort dwellings, %	2	16.3	19.8
No comfort dwellings, %	2	79.3	24.3
Substandard or emergency dwellings, %	2.1	0.8	7.5
Dwellings supplied with water, %	99.2	73.6	89.2
Dwellings supplied with sewage network, %	94.1	56.1	51.2
Dwellings supplied with private sewage, %	5.2	17.6	39.1
Dwellings supplied with gas, %	13.5	0	20

Table A2.2 (continued)
Census Data from Tatabánya and Mésztelep and VI-os telep, 2001

	Tatabánya	Mésztelep	VI-os telep
Number of registered businesses per 1,000 inhabitants	93	11	71
Number of food stores	266	3	7
Number of clothing stores	161	0	0
Number of pharmacies	14	0	0
Number of tourism facilities (total)	309	3	11
Number of pubs	66	0	2
Number of doctors	35	0	0
Number of kindergarten places	2,500	150	166
Number of primary schools	19	1	1
Number of other educational institutions (excluding higher education)	22	0	0

Table A2.3
Census Data from Budapest, District 8, and Magdolna, 2001

	Budapest	District 8	Magdolna
Population (total)	1,777,921	81,787	12,068
Population (0–14 years), %	227,622	11,067	2,097
Population (15–59 years), %	141,778	57,779	7,722
Population (over 60), %	418,521	17,941	2,249
Number of children per 100 adults	18	20	21
Less than eight grades, %	12.8	15.2	
Primary school, %	20.3	26.0	
Secondary school without A-level exam, %	14.7	14.7	
A-level exam, %	28.8	25.1	
Higher education, without diploma, %	4.3	4.5	
Higher education, %	19.1	14.6	6.7

	Budapest	District 8	Magdolna
Number of households	770,083	38,073	5,372
One-person households	266,374	15,952	2,130
Households consisting of more than 1 family	12,904	468	
Persons per 100 households	225	208	
Employed persons per 100 households	96	83	
Number of families (total)	496,858	20,564	
Single-parent families	102,610	5,381	
Family members per 100 families	277	272	
Children per 100 families	98	98	
Children below age 15 per 100 families	46	52	
Employed, %	52.7	50	
Unemployed, %	6.3	8.8	12.6
Active, %	56.3	54.8	40.3
Inactive per 100 employed	75	82	
Dependents per 100 employed	57	64	60
Number of buildings	182825	1,946	
Number of residential buildings	179,491	1,946	
Number of holiday homes	3,334	0	
Number of one-story houses	144,389	403	
Houses containing 1 dwelling	120,617	160	
Houses containing 2–3 dwellings	26,117	175	
Houses containing more than 4 dwellings	36,091	1,611	

Table A2.3 (continued)
 Census Data from Budapest, District 8, and Magdolna, 2001

	Budapest	District 8	Magdolna
Number of dwellings	820,566	39,946	5,564
Vacancy rate, %	7.20	6.15	
Number of rooms per 100 dwellings	239	188	
Residents per 100 dwellings	232	215	
Residents per 100 rooms	97	114	
Average floor space, m ²	63	54	
Dwellings in municipal ownership	64,199	9,350	2,337
1-room dwellings, %	20.3	40.6	
2-room dwellings, %	39.7	38.2	
3-room dwellings, %	27.5	15.3	
4-or-more room dwellings, %	12.4	5.9	
Full-comfort dwellings, %	61.9	25.7	
Comfort dwellings, %	29.1	52.9	
Half-comfort dwellings, %	3.5	9.3	
No-comfort dwellings, %	2.5	7.8	37.33
Substandard or emergency dwellings, %	3.0	4.2	4.87
Dwellings supplied with water, %	99.4	100	
Dwellings supplied with sewage network, %	91.2	100	
Dwellings supplied with private sewage, %	8.5	0	
Dwellings supplied with gas, %	89.3	93	
Number of registered businesses per 1000 inhabitants			
Number of food stores	4,877	305	
Number of clothing stores	5,279	1,122	
Number of pharmacies	1,393	18	
Number of tourism facilities (total)	8,267	518	
Number of pubs	908	43	
Number of doctors	981	54	
Number of kindergarten places	52,230	1,812	
Number of primary schools	401	13	
Number of other educational institutions (excluding higher education)	470	31	

Table A2.4
Additional Indicators Compiled by RÉV8 Rt. (Excerpt from the Magdolna
Rehabilitation Strategy, Regrouped by the Author)

	Magdolna District
Ratio of registered unemployed, %	6.2
Ratio of long-term unemployed, %	2.8
Ratio of beneficiaries of income supplements, %	0.8
Ratio of inactives, %	59.7
Beneficiaries of regular social benefits per 1,000 inhabitants	70
Number of cars per 100 persons	15
Number of dependents per 100 families	60
Ratio of Roma population, %	30.0
Ratio of persons with unfinished primary education in the age group 15+, %	10.2
Ratio of persons with finished high education in the age group 25+, %	9
Number of criminal acts per 1,000 persons	154
Ratio of built in space, %	80.0
Green space in public areas per person, %	0.5
Ratio of dwellings constructed prior to 1919, %	88.3

ENDNOTES

- ¹ VI-os telep has several parts, but one of the parts is largely similar to the features of neighboring Mésztelep. This is why it is included in the research.
- ² More research would have been necessary to investigate the necessary data and its resources on the local level, a research that would have to be carried out to develop a general methodology for defining vulnerable groups and their spatial concentration. Instead, I used available data resources, and in one case the indicators that were produced especially to comply with the conditions of a development project tender in the framework of the Hungarian National Development Plan's rehabilitation program.
- ³ Most findings discussed here stem from findings prepared by Nóra Teller (published with a case study by Eszter Somogyi with the same title in: *Reforms of Public Services. Experiences of Municipalities and Regions in South-East Europe*. Zagreb: Friedrich Ebert Stiftung, 2003. pp. 745–52.)
- ⁴ According to paragraph 43 of the Hungarian Constitution, the Law on Local Self-governments is not the only regulation that may prescribe the duties that have to be performed on the local level. It is the sector laws and the so-called “Competency Law” that set further obligations, such as operation of public libraries or, in other areas, depending on the size and population of the settlement, the different levels of obligatory social service, health and education service, and waste disposal. Besides the mandatory duties, the majority of municipalities in Hungary also performs public sanitation, solid and liquid waste disposal, and ensure the cleaning of the roads and parks of the settlement. In case a municipality is unable to carry out “voluntary” tasks, it may pass them on to the upper tier, namely the county self-government that is obliged to take it over according to the regulation that says that certain services have to be carried out only from a minimum size of settlement or number of inhabitants.
- ⁵ Normally, neither expired renter's contracts nor the case of indebted renters have the same consequences as the interventions related to illegal occupants, although in the first two cases, the rental contracts are normally cancelled too.
- ⁶ A further problem related to squatters might be that municipalities do not provide illegal occupants with social services except those for homeless persons. Entitlement for the majority of social allowances distributed by the municipalities depends on a legal address (the eligibility is defined on a territorial basis), thus squatters may be even excluded from such benefits.
- ⁷ The precise list is as follows:
 - Social services: access to benefits and family care service.
 - Education and health: primary school, kindergarten, nursery school, and doctor.
 - Infrastructure: roads and common spaces, garbage collection, public transport, water supply, sanitation, and public lightning.

Of course, some further service deliveries would have been worth of investigation, such as other utility services (e.g., gas) and the presence and supply of local shops, other social services (i.e., homeless provision). The first group of the services, however, are typically made available by private actors on the market; consequently, there would have been a limited

possibility to put them in a municipality's policymaking and working context. Some pictures help in illustrating some of the statements besides the data

- ⁸ We must add that one of the target areas is located in a periphery zone, thus the obligatory public services are different in this case. Another location has been declared an industrial area, where no housing investments can be undertaken anymore. Nevertheless, we find it necessary to explore the level of service provision also in these cases, since it is in the competence of the local self-governments to change the zoning in their master plans or to reorganize services.
- ⁹ We will get back to the public transportation tools later.
- ¹⁰ This phenomenon is not true for the reverse case: well-off households tend to take their children to schools and kindergartens of their choice independently of the location they live (there is free choice of primary-school education). This phenomenon is typical in the case of suburbanization where the location of the housing and the claimed services are not the same.
- ¹¹ An option for measuring vulnerability is to observe the number of children who do not have to pay for meals and books (the latter at school). This option is offered for children from large families (a minimum of three children) or those receiving one type of regular child benefit that is designed for the very low-income households.
- ¹² As for now, unfortunately, no exact data has been gathered on this issue, so this is rather an anecdotal remark.
- ¹³ Data are for 2005 (CSO 2006). Substandard housing is characterized by the lack of toilet or bathroom, it has no foundation, it has adobe walls, there is no kitchen, and their size does not reach 50 square meters, or they do not contain at least one room of 12 square meters.
- ¹⁴ As it was already mentioned, Lyukóvölgy is in the periphery zone, and the municipality ensures access to water through such public wells (like the Tatabánya municipality does); therefore, the situation is in compliance with the legal rules.
- ¹⁵ Anecdotal resources report that there was a "silent" agreement between the population and the municipality: as long as there is any obvious intent on the households' side to solve the theft of electricity more or less safely, no interventions are undertaken. E.on has developed a different policy by now, and from time to time it cuts down the illegal connections. Thus, it is still a good business to mount the "connections" on the pylons.
- ¹⁶ This number concerns Magdolna, not the whole district.
- ¹⁷ In case of Magdolna, the Eighth District data are indicated due to lack of data. If data for Magdolna are included, we mark them. Unfortunately, there is lack of data for the Magdolna quarter, thus, for the time being, we have to rely on district-based data (District Eight) and on anecdotal resources, and indicators that are developed locally, and hence they are not comparable with the other areas' data. Yet, some important findings can be also drawn from the available data resources.
- ¹⁸ See previous note.
- ¹⁹ No action is action in this case, according to the pragmatist approach.

- ²⁰ Even the Roma minority self-government raised a word against this solution, with the help on an NGO, that raised the awareness of the tenants in Szondi and they started to refuse the small sums offered. In this case the municipality “contracted out” this task to the given investor (it is quite usual in Hungary—investors “buy out” the tenants from the area) that at the end backed out of the deal due to the resistance of the inhabitants to move out.
- ²¹ The colleagues who took part in the survey also reported that Lyukó is a good place to hide: there are no street names, just cadastre numbers, and it is very easy to find a residence without being noticed. Since the fluctuation within and in and out the area is typical, they sometimes also have difficulties finding families or clients.
- ²² There was even one reported case when a dwelling was demolished in a couple of hours on a day when the tenants were not at home.
- ²³ The nursery school was already closed down in 1998.
- ²⁴ Still, approximately half of the families from the areas are in their statistics.
- ²⁵ Unfortunately, the recommendations are also unsuitable to provide for the basis of generalization, although the selection of the three target areas originally aimed at developing scenarios for comparable areas with similar processes emerging in the urban fabric and current service provision problems in Hungary.
- ²⁶ A possible design of the intervention is a matter of scale of staying and leaving households, the developments that take place in the city, the supply of social and assisted housing within the borders of the city, etc. Recommendations for such interventions cannot be generalized.

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As opportunities for socioeconomic development have spread during the last two decades of the transition, major economic development projects have brought the fundamentals of prosperity to South Eastern Europe. Countries like Albania, Bulgaria, Croatia, and their northern neighbor, Hungary, have implemented a wide spectrum of projects aimed at redeveloping their economies and societies.

But this has not been universal in its impact or scope. Some ethnic groups and less-fortunate neighborhoods have missed out. Major indicators like income, health, education, employment, and life expectancy have shown nearly catastrophic falls. Vulnerable groups like Roma, women, the long-term unemployed, or the disabled may be pushed aside, especially as these economies seek new areas for development.

Underrepresented in public life and neglected by public services, their problems are most often excluded from local economic development policies that would drive future prosperity. Indeed, an overwhelming majority of local governments in many transition countries have designed local development strategies and have implemented important policies without any serious analysis of residents or their problems.

Who Decides? argues for the need to add a rigorous spatial component to policy processes in order to answer how groups and their specific problems cluster in space and how the planned policies would affect them. Without such analysis, inequalities and poverty will persist while policy also tends to become inflexible and inefficient.

Following Katalin Pallai's urgent appeal for action to add spatial analysis to the tools available to policymakers, civil servants, public officials and decision-makers, this volume of LGI's Fellowship Studies covers:

- transportation and public services for women hemmed in by traditions in the semi-urban outskirts of Tirana,
- electricity services in Bulgaria's poorest neighborhoods,
- opportunities for the long-term unemployed in Croatia,
- broad social and economic interventions in District Eight in Budapest.



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