

Eastern Europe and Central Asia



A slum in Toopana, Macedonia

The Cities Alliance has a modest portfolio in this enormous and diverse region, which has seen dramatic changes over the past decade. One of the legacies of planned economies is that a higher proportion of their populations lives in urban areas than is typical for countries at their income level. In addition, some of the countries, Russia, for example, are facing significant absolute declines in their overall populations. Rural to urban migration is minimal, whereas ur-

ban to urban migration persists in some countries. On paper, the region has no striking shortage of housing stock, yet this apparent availability masks serious quality and management issues. Infrastructure may be in place, but may be so poorly maintained and erratic that this region has the unique challenge of preventing the emergence of slums among its existing housing stock.

Urban poverty on the rise in secondary cities in ECA

Urbanisation rates in ECA are relatively high, ranging from 40 per cent in most of the central Asian republics to 70 per cent in the Slavic countries. A recent World Bank report shows that urban poverty is a significant problem in the region and that the poverty profile in ECA cities differs from that in other regions.²⁰ This has been exacerbated by countries' transition from centrally planned economies to market economies, which has created a unique set of urban problems in the region. Although infrastructure and energy services were widely available, maintenance of the infrastructure facilities and services has deteriorated to the point where reliability and even access are becoming significant welfare issues.

SOFIA: EXAMPLE OF A CDS IN A COUNTRY IN TRANSITION

The Sofia CDS is a good example of how a city in the ECA region can manage the unique set of urban problems of an economy in transition. The strategy provides a basis for sustainable development of the local economy and the welfare of city residents. Developed by Sofia's city management with support from World Bank staff, the strategy builds on recommendations from residents and members of the business community provided through workshops, surveys, and consultations. The participatory process has enabled the municipal administration to identify needed improvements in five broad areas: the economy, services, urban struc-

²⁰ World Bank, 'Dimensions of Urban and Infrastructure Poverty in ECA', discussion paper (Washington, DC: Eastern Europe and Central Asia Region, Energy and Infrastructure Unit, 2004).

ture, finance, and municipal management and governance. To help the city's administration effectively implement its long-term strategy, a programme action matrix details priority actions and objectives to combat poverty, foster the development of the local economy, and improve the livelihoods of city residents during the next three to five years.

However, the overwhelming majority of urban residents in ECA live in secondary cities and not in capital cities like Sofia. The World Bank report concludes that in most ECA countries, the incidence of poverty in secondary cities is significantly greater than in the capital cities—two to four times higher—and in some cases, the incidence of poverty in secondary cities is similar to or worse than in rural areas.

LATVIA: EIGHT CITIES DEVELOP CDS



In Latvia, the incidence of poverty is particularly marked outside the capital, Riga, and is among the highest of any of the transition countries. The Cities Alliance, through its members UN-HABITAT and the World Bank, is currently helping eight cities in Latvia develop their CDSs to support local economic development and to promote an entrepreneurial and competitive economy. Ultimately, the programme aims to support Latvia's poverty reduction strategy, which aims to halve the number of poor by 2015. The eight cities have focused their respective CDSs on the development of economically and socially inclusive urban societies and productive and competitive urban economies by

- Devising local economic development strategies and action plans to encourage a healthy business environment and create conditions that facilitate the establishment of new businesses and the generation of employment.
- Improving governance structures in the cities, focusing on stakeholder participation and partnerships between local governments, civil society, and the private sector.
- Increasing the cities' capacity to explore all potential follow-up investments, including public-private partnerships and the European Union funds available for Latvia.
- Building capacity and capability within the

cities and regional development agencies to ensure scaling up and replication.

With the implementation of the CDS, which include mobilising additional resources from local stakeholders, the cities expect to be prepared to take advantage of the unique investment opportunities that the European Union's structural funds and Cohesion Fund offer. These funds are available for the new member countries of Central and Eastern Europe and need to be committed by December 31, 2006. After all, many of the funds to be supported by the structural funds will have to be designed and implemented at the local government level.

Urban poverty and slum prevention in Romania

Growing evidence in ECA's transition countries indicates that the urban poor are becoming more concentrated in the deteriorating housing stock of established neighbourhoods, in poor locations, and in low-quality housing that is inadequately maintained and unserved. Preventing the emergence of slums among existing housing stock presents a particular challenge for policymakers in the region.

Ana Vasilache, a member of Cities Alliance Policy Advisory Board, describes the situation in her country, Romania:

As many as 400,000 people, including up to 115,000 children, are estimated to be living in extreme poverty in Romania's cities. The incidence of poverty is particularly acute amongst the historically marginalised, ethnic Roma population.

To decision makers these figures may not look dramatic, but it is only a matter of time before they swell. With targeted policies, it is still possible to prevent problems from spiralling out of control.

While statistical data have determined Romanian rural areas to be poorer than urban areas, these data measure standard poverty rather than the extreme poverty that is found primarily in cities. Romania's urban areas of extreme poverty emerged after 1990, physically concentrated and socially segregated, in four general categories:

- **Historical areas located in city centres**, where poor families live in degraded, nationalised, poorly maintained and cheaply rented old buildings;

- **Former industrial areas**, where low quality apartment blocks built near factories prior to 1990 have remained since factory closures without water, heating or electricity, housing those unable to leave as well as equally poor and desperate newcomers;
- **Neighbourhoods with low quality apartment blocks**, quickly constructed during the socialist period which have turned into vertical slums, where poor families are not able to pay their maintenance costs; and heating, water and electricity are often cut by public utility providers; and
- **Informal, illegal settlements located near big city landfills**, where poor people who lost both jobs and housing with the decline in industry or job seekers migrating from villages, live off nearby landfill resources.

Existing policies guaranteeing the minimum wage are important but offer little support to the poor who do not legally exist—such as those who do not have ID [identification] cards or birth certificates.

Romanian decision makers urgently need to deepen their understanding of the harsh realities and trends of this country's cities to inform their policies. They can learn from countries where policy failure has allowed problems to spiral out of control; or, likewise, from those countries where creative approaches have succeeded in improving the quality of life of the once marginalised urban poor.

Source: Anna Vasilache, member of the Cities Alliance Policy Advisory Board.