

REVIEW ARTICLE

GETTING STARTED AN URBAN INFRASTRUCTURE UPGRADE PROJECT

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ABSTRACT

Prior to 1990, the political and economic systems of Albania were highly centralized. The social and political changes of early 90s had to struggle harshly with the accumulated problems in decades. The economy of some regions, especially remote, mountains and rural areas, failed to meet the needs of local population. From the other side, west-coastal regions and big cities remained still attractive regarding to their employment and emigration opportunities. For this reason, main Albanian cities show high dynamics of population since 1990. Tirana's population increased from 375,000 to almost 700,000 inhabitants. The forecast for the coming 15 years expect Tirana to grow over 1 million population. In the meantime, traditional urban plans of the city can not manage such dynamics, as they remained conservative and strict to old planning concepts. Actually, Tirana is mushroomed by new construction activities. In periphery of Tirana informal constructions now compound majority of constructions, lacking all basic infrastructure and services. The biggest area as such is Bathore/Kamez. The NGOs work mainly in areas with economic difficulties and social problems, trying to support collective welfare, especially to communities most in need. These organisation are concerned in urban development issues, trying to insert new and practical approaches to deal with the recent problems derived from the rapid urban growth. They have contributed seriously in raising and maintaining a public concern among professionals, authorities and citizens on urban development issues and is also. In the last 20 years, Tirana is living a critical period because of the negative effects of rapid urban growth. This growth concerns authorities, professionals as well as citizens. There is been a lot of discussions on the issue but really few actions are taken to tackle the problem. Actually due to the lack of experience and, in most cases, to a conservative mentality of professionals and institutions no real and feasible solutions are given.

The objectives of the paper are:

- To find out through an institutional framework analysis possible and suitable institutional models to carry on an urban renewal process, in small scale, in the inner part of the city.
- To recommend an adequate and suitable approach or a combination of different approaches in order to answer to the dynamic urban growth in Tirana.

Analysis: Decision making on land development is shared between Local and Central Government. Central Government is in charge to provide master plans for the city. In the other side is responsibility of Local Government to provide lower levels of plans for the city according to the master plan. Approvals for land development are taken by Local Government to a certain extend, as in the area of the national interest is the Central Government in charge of taking decisions on land development projects. Local Government is nearly not involved in the housing system. This makes it powerless toward the issue. Although Government was supposed to control the new development, in reality once people learned that the area is going to be supplied with infrastructure, and in the same time being not properly informed for the details of the project, they invaded the area developing all the area informally. The project ceded to the increasing need for housing.

Main findings: Due to the urbanization dynamics of the inner parts of the city there exist lack of community spirit, lack of organization in community level. Consequently problems and potential willingness for collaboration are not properly addressed, fact that influence negatively in the inner developments. Regulation on Land Development is needed to be improved, in order to avoid losses in land value and speculations. In these respect Local Government should have the power to operate with land. The Partnership between Public and Private sector could be an appropriate approach to start a renewal process in the inner part. But several points should be taken in consideration, when given e previous experience of PPP. A strong element of the intervention should be the community participation that is a key important for success. Local Government should have the needed power in order to play a considerable role in the process.

Key words: Urban Planning, Governance, Housing, Land, Infrastructure.

INTRODUCTION

I. 1. 1. Albanian context

Prior to 1990, the political and economic systems of Albania were highly centralized. The social and political changes of early 90s had to struggle harshly with the accumulated problems in decades. The economy of some regions, especially remote, mountains and rural areas, failed to meet the needs of local population. From the other side, west-coastal regions and big cities remained still attractive regarding to their employment and emigration opportunities. For this reason, main Albanian cities show high dynamics of population since 1990.

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Nevertheless Albania remain the country with the lowest rate of urbanization in Europe, with 45%.

I. 1. 2. Tirana

Tirana, the capital of Albania, is one of the main cities experiencing a booming growth. Before 90s, living in Tirana was a "taboo" for most of population. Since, the law on "free movement" of population was approved in 1991, migrants from other regions showed clear interest on Tirana's suburban agricultural land. Tirana's population increased from 375,000 to almost 700,000 inhabitants. The forecast for the coming 15 years expect Tirana to grow over 1 million population. In the meantime, traditional urban plans of the city can not manage such dynamics, as they remained conservative and strict to old planning concepts.

Actually, Tirana is mushroomed by new construction activities. This is a sign of economic vitality, but in the same time a reason for concern. In periphery of Tirana informal constructions now compound majority of constructions, lacking all basic infrastructure and services. The biggest area as such is Bathore/Kamez.

NGO sector

Co-PLAN is an Albanian non-government organization originating by "Breglumasi Program" (1995-1997). This NGO works mainly in areas with economic difficulties and social problems, trying to support collective welfare, especially to communities most in need. This organisation is concerned in urban development issues, trying to insert new and practical approaches to deal with the recent problems derived from the rapid urban growth. This NGO has contributed seriously in raising and maintaining a public concern among professionals, authorities and citizens on urban development issues and is also involved in several experiences of consultancy for government and non-government organizations.

I.2. Problem statement and objective of the paper

In the last ten years, Tirana is living a critical period because of the negative effects of rapid urban growth. This growth concerns authorities, professionals as well as citizens. There is been a lot of discussions on the issue but really few actions are taken to tackle the problem. Actually due to the lack of experience and, in most cases, to a conservative mentality of professionals and institutions no real and feasible solutions are given. The philosophy of the NGO sector is to create small practical examples dealing with different aspect of the urban growth working on the ground in closed collaboration with all actors of the urban process, trying to match needs and possibilities in order to support positive developments and to improve the urban situation. In the same time is giving an important contribution in the professional discussions on urban and environmental issues. Coming from several good experiences, mostly in areas with informal settlements, NOSs are trying to transfer the focus on areas with different features and characteristics, in the inner part of the city. For that new approaches need to be developed within a certain institutional framework.

The objectives of the paper are

- To find out through an institutional framework analysis possible and suitable institutional models to carry on an urban renewal process, in small scale, in the inner part of the city.
- To recommend an adequate and suitable approach or a combination of different approaches in order to answer to the dynamic urban growth in Tirana.

MATERIALS AND METHODS

In the paper are made comparisons between different situations in the urban reality of Tirana. Also different experiences, different approaches, with their success or with their failure are analyzed to better understand what does it function and what

does not under certain conditions. The data are collected by studies, surveys and reports on urban situation in Tirana made mostly by Land Management Task Force. Analyses are based in tools and indicators used in world development reports.

- In few words the paper analyze the situation in informal/illegal settlements, the policies toward this phenomenon and the different approaches applied, coming with some findings from the process.
- In parallel the paper analyze the situation in the inner city trying to identify the issues to deal with.
- Comparisons are made between two cases based in the analysis of the existing institutional framework and the share of responsibilities between Local and Central Government.
- The paper conclude with main findings from the comparative analyze, recommending issues to deal with and possible models of institutional framework in order to make the intervention as successful and suitable as possible.

Limitations

There exist some limitations on the analysis done in the paper due to the lack of integral information on legislation, situation and due also to the dynamics of urban development in Tirana. In this respect the paper can be subject of further discussions and suggestions.

Analytical Framework

II. 1. Analysis on decision making

This analyze aim to identify the sharing of power and responsibilities between Local and Central Government as regard the policy making, revenues and management of the infrastructure in Tirana.

Water supply

The Water Company is in charge to supply with water, to design plans for water supply and to identify the needs of population. This company is within the authority of Local Government. The sector has gone through a series of reforms that aimed at transferring as much as possible the authority of water management towards local authorities. Traditionally the central government finances this company within the total budget of the Municipality. Local Government is mainly responsible for the second and tertiary infrastructure. However, more and more the local government is acquiring the management authority of such company. The main primary infrastructure and the capital investment are invested totally by Central Government that is supposed to coordinate with Local Government while planning pump stations and other main infrastructure elements. Water fees are collected by the company of water but are managed by Local Government. The Water Company is purely a state company.

Sewerage

The sewerage is on dependence of the Water Company. This company has the responsibility to plan, to build and to maintain the infrastructure. The company is also in charge to collect the

combined the water/sewerage fee that is managed by Local Government. The Company is purely a state company. Decision on budgeting the company, to maintain or to invest in new infrastructure is made by a board where central and local government is represented.

Power

The power sector is organized in generation, transmission and distribution. The responsibility of generation of electricity is carried by KESH (Albanian Electrical Corporation) which is a Company with state shares in 100%. KESH is self-budgeting company but still is on dependence of Central Government. KESH is responsible for collection of the entire production of energy (recently provide also by private companies) as well as for the import and export of the energy. Another segment of the sector is the transmission which is runned by another state company named OST (State Operator of Transmission). The distribution operator is in charge to develop the need plans, to maintain and to collect the power fee. In terms of investment this Company operates as a private one, they buy or rent the places where to place the transformers. But they coordinate in terms of plans of infrastructure with Central and Local Government.

Local Roads

As far as investments on new infrastructure is concerned, there exist not a state company that handles the process at a local level. Funds are generated mainly by Central Government and managed by Local Government that contracts private companies for building them. There exist no road tax for citizens.

Plans for local road needs are done by Local Government.

Maintenance is covered by Roads Maintenance Company depending on Local Government, but is budgeted by Central Government within Local Government Budget. There exist a tax on road maintenance that goes in the Central Government budget. The tax is collected by the central government and only car users pay this tax. The maintenance is subsidized by state, because taxes don't cover expenditures.

Solid waste

Municipality is in charge to deal with solid waste problem, mainly through grants from Central Government. Municipality of Tirana has already contracted the service of collection and recently efforts are put in the waste treatment plants, also financed through central government. The solid waste tax is collected by Municipality and managed by local Government. Actually due to the rapid urbanization of the city the contractors don't manage to handle properly the situation, and in many cases they are subsidized through Municipality from the NGO sector.

Land Development

Actually state owns a very small portion of the urban land in Albania. The rest is privately owned. The land is owned, managed, sold or leased by Central Government. There exist

not a land tax, but in the process of land development there are inserted the impact fees. There exist a property tax but is badly collected and managed. Decision making on land development is shared between Local and Central Government. Central Government is in charge to provide master plans for the city. In the other side is responsibility of Local Government to provide lower levels of plans for the city according to the master plan. Approvals for land development are taken by Local Government to a certain extend, as in the area of the national interest is the Central Government in charge of taking decisions on land development projects.

The price of land fixed by the law of 1994 and the proposed changes setting minimum sales and rental values indexed to the consumer price index (CPI) cannot be considered a viable proxy for the market value of land. In Albania the emerging private land markets suffer from imbalances and dysfunction that tend to segment the market, distort prices, and affect relative rates of appreciation. (LMTF, 1995)

Housing

Up to 1991 state was in charge to provide housing, in Albania. After the political and economical changes state became one of the providers of housing in Albania, in fact the smallest.

Actors that provide housing in Albania

There are four main providers of housing in Albania

The National Housing Agency, a semi-governmental agency within the portfolio of MPW, that has already constructed 3,000 housing units mostly for emergency cases. Actually the Government of Albania is preparing a significant social housing program, but in the short term government investments to the housing sector, therefore, will be directed to provide subsidized loans and housing to low-income people, homeless and ex-political prisoners. However, the scale of investments in the housing sector means that public sector provision can only pay a minor role to meet such needs.

Private developers

Large private developers, mostly foreigners in tentative to build high income housing Individuals, small and medium scale private developers or investors. The production capacity of the sector is limited. The housing costs vary depending on the typology, size, and location of the unit. The typical housing forms actually available in Albania are apartment buildings without the sufficient space.

NGOs

They provide specific target housing such as to ex-political prisoners and residents of informal settlements.

Informal sector

This sector provide more than 70% of the national housing supply, often as informal or illegal constructions. (Aliaj, 1996)

As regard the state housing supply, identification of the homeless is done near the offices of Local Government. The information is forwarded to the Central Government, which is responsible for the further steps, such as construction distribution through NHA. Is responsibility of this agency to sell (to fix prices) or to distribute housing units among homeless. Revenues from rents and sells are managed by Central Government. Also, is a responsibility of the Central Government to design the housing policy. There exist no a local housing policy.

II. 1. 1. RESULTS

- Taxes are collected all in the main government budget, managed by Central Government that is in charge to develop the budget proposal for the next year in country level and to approve local budgets.
- There is no a clear and direct relationship between the tax paid for a certain service and the fund allocation for that service.
- Local Government has limited responsibilities and power, to be an important actor in the urban development process. Land being owned by Central Government reduces the assets of Local Government, and does not give the opportunity to better control urban developments.
- Weak property tax, land tax and lack of adequate regulations on land taxation and development is seen as an important obstacle not only for revenues generation, but also for land development in general. Sometime generate phenomenon of speculations on land market and development, giving to developers the opportunity to collect revenues that should be collected by government, once the land is serviced.
- The considerable amount of private land should be seen as an opportunity for better land control and not as a weakness of Government. In the other hand might be a good incentive for better performance in partnerships, in terms of sharing risks and responsibilities.
- Local Government is nearly not involved in the housing system. This makes it powerless toward the issue. In the same time reality showed that different cities are differently effected by this issue; some cities, such as Tirana, show high attractiveness, making the issue locally more important.
- Actually in Albania the rate of tax collection is highly unsatisfactory.

II. 2. Public Private Partnership Approach

In order to understand the main points of this approach let's see the fields of interests of Public and Private sector and the way they operate.

II. 2. 1. Definitions

Partnerships have been in a variety of different ways; amongst others as "a co-operation between people and organizations in the public and private sectors for mutual benefit" (Holland 1984), or, as the "mobilization of a coalition of interests drawn from more than one sector in order to prepare and oversee an agreed upon strategy for the regeneration of a defined area" (Bailey, 1994: 293) or, as, "frameworks for integrating

complementary interests and joint efforts of the public and private sectors in order to address social problems in communities [...]. The PPP device combines public powers, on the one hand, and the private resources on the other, with joint acceptance of risks as a result" (Kloppenborg, 1991: 1). Many other definition exists. (Pennink, 1997)



Figure 1. Fields of Interest of the sectors

II. 2. 2. Criteria

The criteria of PPP are:

- mutual interest
- complementary nature of roles
- sharing of losses and benefits
- risk sharing and
- joint finance (Pennink, 1997)

II. 2. 3. Dimensions1

Considerations on PPPs are usually based in some main dimensions such as

Range of actors and their aim vs. Potential conflicts. The success or the failure of a PPP depends on the balance between the parts of interests represented in and the conflicts that they can generate. In the one hand is important that different actors, which is to say different interests and potential, to be part of the process, to defend their interests and ideas, and to contribute in the performance of the PPP. But in the other hand is risky an exaggerated number of actors, because reaching a common understanding become difficult. Also the implementation mechanism of PPP is another cornerstone of the approach. Once tasks and responsibilities, timing and phasing are well defined and understood by the parts in charge, the scheme has good possibilities to work. In the other hand the mechanism should be realistic and should reflect the real power of the actors involved. In these terms the scheme should be "fair", which is to say that there should be a clear relationship between the mechanism and aims of actors; the first should reflect the second otherwise the scheme degenerate in corner interests and the scheme is deformed.

At last but not at least the structure of the PPP is an important issue to focus on while building such a scheme. There exist several models of structuring the scheme based in the opportunities of the environment, legislation, the nature of the problem to be addressed and capacities of the actors involved. The simplest is the scheme where there are no legal changes in the structure and ownership. The PPP function more in co-operation and collaboration bases.

¹ Reference: Nic Taralunga/Carley Pennink READER/HANDOUT prepared for ICDTE-6

Another possibility is the legal ownership, public, private or both sides, to be shifted. In this cases even certain power is delegated, mostly by public side. Depending on which part shifts the power there exist different structures such as Consortium, Public Development Agency, Non-profit /quasi-public organization. The last possibility to structure a PPP is to transfer ownership from both sides to a separate company, legally known as Joint Venture.

The project aimed to develop a scheme of collaboration where government has to develop a physical plan and then through private investment the site will be supplied with infrastructure. Through several options the area will supply with housing for low and medium income groups. Private developers are expected to construct housing but also individuals that will purchase a serviced plot will develop that within the frame of the project.

Table 1. Scheme of sharing of responsibilities between Local and Central Government1

		water supply		sewerage		power		solid waste		roads		housing		land		
		LG	CG	LG	CG	L	CG	LG	CG	LG	CG	LG	CG	LG	CG	
MANAGEMENT	design		primary		primary		generate			local	inter	identify	contract	Local plans	masterplans	
		second		second			transm		contract		local					master
		tertiary		tertiary			distrib		contract		local					
	construction (land develop)		primary		primary		generate			contract	contract		contract	private	private	
		second		second			transm			contract						
		tertiary		tertiary			distrib			contract						
	Operation & maintain		primary		primary		generate			RC			New owner		ownership	
		second		second			transm		contract		RC					
		tertiary		tertiary			distrib		contract		RC					
	Tax collect	Water comp			Sewer comp			KESH/EPC			No tax	Car tax		sell		Sell/lease
				primary		primary		generate			x	X		distrib	Below 5 ha	Over 5 ha
	DECISION MAKING	approval	second	second	second	second		transm	disposal		x	X				
tertiary			tertiary	tertiary	tertiary	design	distrib	collect		X						
												x		x		
policy																
tariffs																
budget																

SITUATION IN ILLEGAL SETTLEMENTS, POLICIES FORMULATED

III. 1. Land Management Program

In 1995 a joint team from Territorial Adjustment Department MoPWT, Municipality of Tirana, District of Tirana and National Planning Institute with the assistance of USAID was settled near the MoPWT to draft a structure plan for Tirana. The Albanian Government secured a loan from World Bank to run a project a land management program as suggested by the LMTF. The principle of the project initially was the creation of a partnership within a site and service approach. Afterwards the project developed in an upgrading approach implying the participation of several actors in the process.

III. 1. 1. Land Development Pilot Project in Western Tirana

A Public/Private Collaborative Approach

The project was the first initiative within Land Management Program, which tried to approach a sort of Public Private Partnership within a Site and Service model.

Some of the objectives of the project were

- Provide serviced land for affordable housing for low-income and medium-income families
- Mobilize resources of small and medium-size builders and developers
- Develop clear strategies for regularization and relocation of informal housing
- Use a set of development guidelines to provide a framework for the orderly development of the site. (Land Management Task Force, 1995)

A cost recovery scheme is supposed to cover the costs of development of on-site infrastructure as well as off-site one. In the same time there were some constraints for the project where the most important was the Restitution Issue.

The Law on Restitution (1993) threatens the certainty ownership and occupation of urban land and is thus having a constraining effect on urban investment. According to the restitution legislation, non-agricultural land is to be restituted to previous owners even in case of parcels duly purchased from the “National Agency of Privatization”. The unclear status, uncertainty, and the lack of buyers protection are hindering the development of the urban real estate market and constitute a major impediment to private investment in the urban areas.

As the urban boundary of Tirana expands to incorporate the fringe, there is a good possibility that new claims within the fringe will surface in anticipation of receiving title to land that will be serviced. The government needs to take steps to provide compensation for former owners and protection of land buyers from losing title to the land that they purchase. (Land Management Task Force, 1995)

The pilot area was selected in the Western part of Tirana in 70 ha site in the region of Kombinat. First a survey was carried by LMTF. The survey identified several informal settlements in the area and gave different option for relocation from the area or for involving them in the project. But an effective control on further informal developments was required and LMTF mentioned this need. Also the survey recommended a quasi-governmental organization to manage the project. Although the proposal was well settled things on the ground did not function as pre decided. The project faced restitution problems. The land was claimed from old owners and the situation was not

well managed. Although the efforts done the project could not manage to involve properly old owners in the process. Although Government was supposed to control the new development, in reality once people learned that the area is going to be supplied with infrastructure, and in the same time being not properly informed for the details of the project, they invaded the area developing all the area informally. The project ceded to the increasing need for housing.

III. 1. 2. Pilot Project, Bathore

After the Pilot Project in Kombinat stopped, a new approach was inserted; upgrading of informal settlements in Bathore, Tirana.

As mentioned "demographic growth, rural urban migration, and the rapid expansion of the urbanized zone have resulted in chaotic development patterns, wasteful of land resources and costly to provide with infrastructure and urban services. With the bulk of the land transaction and building activities occurring outside the legal framework for development, documenting ownership, registration titles, and recording transactions are becoming increasingly complex undertakings. It may be reliable, up-to-date records may actually shrink as a percentage of the urbanized zone. (Land Management Task Force, 1995)

Bathore Pilot site with 13 ha, is located in the Northern part of Tirana across the national road Tirana-Fushe Krujë.

The land previously belonged to state. In 1991 by Law part of the land was given in temporary ownership to ex farmers, but there exist restitution claims. Actually the area of Bathore has an approved urban plan. The land is proclaimed a state ownership and ex owners are supposed to be compensated.

There are two main forms of informality:

Informal developments

Where land ownership and occupancy rights might be confirmed except the violation of planning and building regulations. They are developed mainly in privatized land next to existing settlements in the edge of cities or along to the main access roads having the primacy in development.

Illegal settlements

Where land ownership occupancy rights cannot be confirmed easily and planning approvals and building permits have not been obtained, even that residents may have obtained connections to public utilities. They are developed mainly on larger tracts of public land such as farms or industrial areas where the ownership is temporary leasehold or in-use designations are not clear. The selected sites are areas that lack access infrastructure or close to serviced zones with public utilities. Often they occur in marginalised land, such as under high-voltage power lines, along the safety land strips of the railway lines, and flood-prone areas. (Aliaj, 1996)

III. 1. 2. a. Community development

Bathore is an area recently formed with people from different parts of the country (mostly from the northern part) with different mentality, background, that's why it lacks cohesion and community spirit. In terms of social structure Bathore is mainly composed by a low-income group that can not afford housing in the inner part of the city. Low-income groups usually construct in the outskirts of the city mostly in unserviced and low value land. They build their houses by themselves and with cheap materials in order to reduce costs of construction. The project is supposed to deal with the issue of the community development. In these terms Co-PLAN, Center for Habitat Development has developed a social intervention strategy. This strategy aims to bring people together, to raise concern among them about the necessity to address the problems of the area, in terms of lack of infrastructure, social services and gender issues. Also the strategy foresees to assist people in making them real partners in the urban development process.

III. 1. 2. b. Infrastructure situation

The main concern of the project is to improve housing conditions through the upgrading of infrastructure situation. The project develops the idea of the co financing of the infrastructure and the land development fee. Actually the area lack almost at all public spaces and subdivision of the land is done in a total chaotic way. The project aims also to adjust through an urban plan done in closed collaboration with people the physical conditions of the area. In these terms Co-PLAN, Center for Habitat Development works in opening, securing and improving the public spaces involving in all steps the community. The process foresees to convince people to move back fences to cede from their plots in favor of public spaces such as roads, social centers health care centers or green areas. The ceding of land for public spaces is seen as a contribution to the process. The improvement works are done also in closed collaboration with residents.

III. 1. 2. c. Actors and rationale

It is important to understand the role and the rationale of all actors involved in the upgrading process. Central Government through the MoPWT settled a PCU that coordinate the project in country level. The Government (partially through a WB loan) is the main investor in the project, but delegates the management responsibilities to the Local Government. Local Government through PMT manages the process development, design the urban plans needed trying to meet the real needs of the residents, develop in details the projects with the necessary costs. PMT is in charge to communicate closely with residents, negotiate costs and collect contributes from them. Community actually is the beneficiary of the project. In the same time as they pay a land development fee they are considered co financiers of the project. A partnership agreement between Local Government and community is already reached where are defined responsibilities of both actors. NGO play the role of the interlocutor between community and Local Government. In one hand NGO help Local Government to communicate with community in order to meet the real need of the area. And

in the other hand assist community in explaining addressing and defending resident's interests.

III. 1. 3. Main findings

- Both approaches (Site and Services through PPP, and Upgrading) are sensible toward informal developments, but while PPP needs strict control and sanctions for further informal development, Upgrading is more flexible toward the new informal developments.
- In PPP/S&S approach Government did not manage to respond to the responsibilities decided, in terms of physical and regulations. Local Government has not the needed means to play an important role in the process. Land is owned and managed by Central Government.
- Also old owners and tenants of informal settlements are not adequately involved in the process of management.
- The upgrading project suffers also from the bureaucracy. Government or segments of the structure don't respond properly to the needs of the process. But the participation of the Local Government is in a higher level through the structure of the project.
- Community participation is a strong element of the project that is performing well, increasing the possibilities of the project to succeed.
- The PPP performed more in terms of collaboration and co-operation, while Upgrading Project is structured in a clear semi-governmental structure. In the PPP/S&S scheme did not failed the model but elements of the approach were not implemented as foreseen.

In both cases a better policy and regulation should be formulated in order to better defend the purchasing of the developed land from the restitution claims after urbanization of the area.

THE SITUATION IN INNER CITY, ISSUES TO DEAL WITH

IV. 1. Infrastructure and services

In the last ten years Tirana has been densified in the inner part. Also infrastructure does not afford the real need of the city. Furthermore due to new constructions infrastructure is seriously damaged and amortized. New investment has been in really low levels. Maintenance is not satisfactory and probably maintenance costs are not covered by taxes.

Electricity

Electricity is supplied mainly from hydroelectric sources. While the main transmission grid in the country requires rehabilitation, the major problem in Tirana is that the distribution system was constructed to meet minimal domestic requirements, such as lighting. Therefore, it is inadequate to meet the extra demand imposed on it by both the growing population and the increased use of heaters, refrigerators, and other power consuming appliances. Three substations supply the city, the largest being north of the railway station. (Land Management Task Force, 1995)

Water supply

Tirana receives intermittent supplies from three surfaces and four groundwater sources. The surface supply around 50% (in dry years) to 80% (in wet years) of the total...the system should be able to supply approximately 100-120 liters per capita per day (a typical European city averages approximately 150-200 liters per capita per day). (Land Management Task Force, 1995). Mostly in summer shortages in water are frequent. The reservoir of Bovilla, recently constructed supply mostly the inner part of the city but hardly van meet the needs of people. The network is seriously damaged by not controlled connections, that's why actually the city face the problem of lackages. New building but even existing apartments try to secure water inserting water pump that not only don't solve the problem but even grave the situation.

Sewerage

Of primary concern Tirana is the lack of any sewage system treatment. Raw sewage is deposited directly into various watercourses, including three outfalls into the Tirana River and numerous small sewers into the Lana River...

...The entire system flows under gravity and there are no pumping stations...

...Significant problems exists with the existing system, many of the existing sewer dimensions may be too small to accommodate the current and envisaged rapid urban growth. The existing system combines both storm water drainage and sewage and many of the sewers are either fully or partially blocked or back up during rainfall. (Land Management Task Force, 1995)

Roads, Traffic, and Mass transport

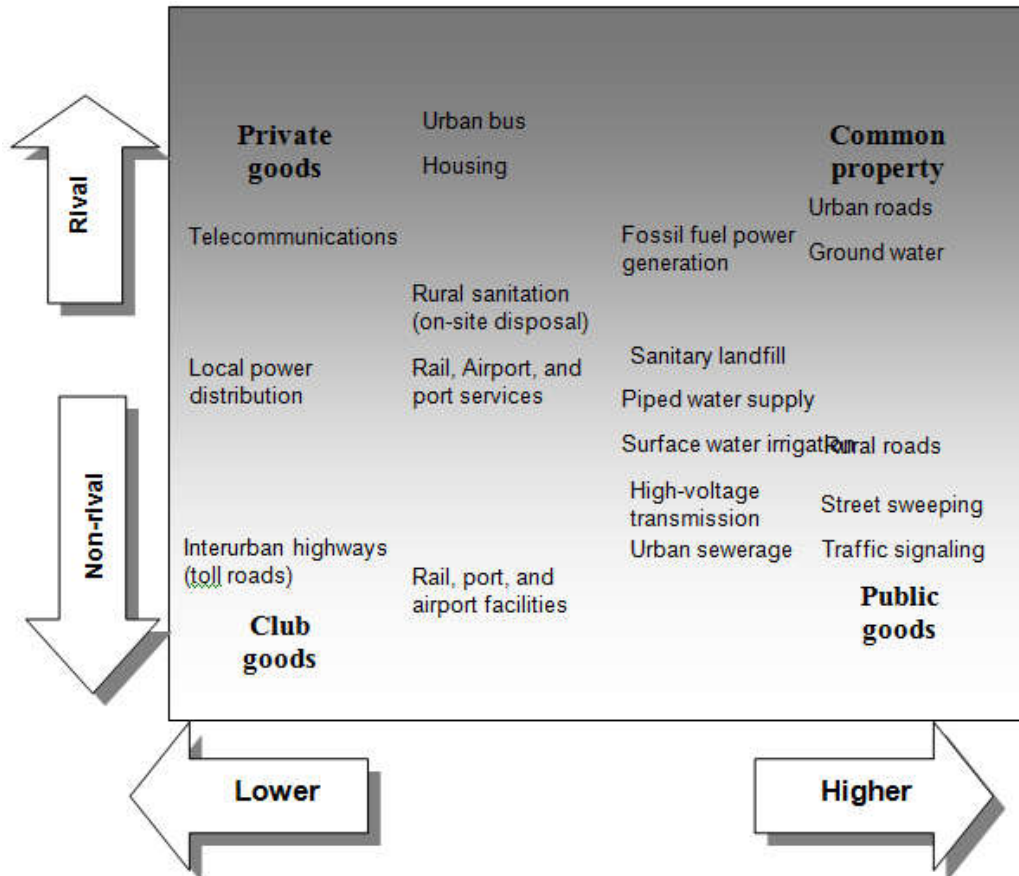
The roads in the city center are in good conditions; conditions deteriorate toward the edge of the city and many side roads require complete rehabilitation. Much of the road deterioration is due the rapidly increasing number of heavy vehicles using roads. The situation is exacerbated by the seepage from the sewers and water pipes, which allows ingress of water into the road sub-grade, further weakening the roads. (Land Management Task Force, 1995)

Land and housing

Due to the increasing number of population and families units the demand for housing is still in a high level. Government is elaborating policies on housing mostly in terms of providing, but recently even through creation of environment where private developers supply with. Land is mostly privately developed.

IV. 2. Issues to deal with

The land is already developed in the inner part and the situation is differently presented compare to the other cases discussed. The ownership in the inner part of the city is clearer than in the areas analyzed in the previous chapters.



Note: Excludable means that a user can be prevented from consuming the good or service. Rival means that consumption by one user reduces the supply available to other users.

Figure 2. Theory of Goods (World Bank, 1994)

Function	Option A				Option B		Option C	Option D	
	Government department	Public enterprise			Leasing contract	Concession contract	Private (including cooperative ownership and operation)	User community provision (self-help)	
Traditional		Corporatized and	With service	With management ent					
Ownership of assets	Public			Public (majority)		Public (majority)		Private (majority)	Private or in common
Sectoral investment planning, coordination policymaking, regulation	Internal to Government	By parent ministry	Parent ministry or separate public authority		Public authority negotiated with private operator		None or public authority	None or public authority	
Capital financing (fixed assets)	Government budget	Subsidies and public loans	Mainly market-based financing		Public	Private operator	Private	Private	
Current financing (fixed assets)	Government budget	Mainly subsidized	Mainly internal revenues		Private operator		Private (government may pay for public services obligations)	Private	
Operation and maintenance	Government budget	Government	Private operator for specific services	Private operator	Private operator		Private	Private	
Collection of tariff revenues	Government	Government of public enterprises	Public enterprise		Private operator		Private	Private	
Other characteristics	Government		Public enterprise	Private operator	Private operator		Private	Private	
Managerial authority	Government		Public enterprise	Mainly public	Private operator		Private	Private	
Bearer of commercial risk	Government		Public enterprise	Mainly public	Private operator		Private	Private	
Basis of private party compensation	Not applicable		Fixed fee based on services rendered	Based on services and results	Based on results, net of fee paid by operator for use of existing assets		Privately determined	Privately determined	
Typical duration	No limit		Fewer than 5 years	About 3-5 years	5-10 years	10-30 years	No limit	No limit	

Figure 3 Table of Options for infrastructure provision (World Bank, 1994)

This is a good incentive for investments in land, housing and infrastructure improvement. In the other hand due to the urbanization dynamics of the inner parts of the city there exist lack of community spirit, lack of organization in community level. Consequently problems and potential willingness for collaboration are not properly addressed, fact that influence negatively in the inner developments. Insertion of betterment fees (that is different with the development fee applied in the land management program) should be logically and directly related to the purpose they are paid for. The inner city present good potential also for other activities, such as commercial, social, recreation and administrative. This potential can be used in improving attractiveness of the city. Although these differences the problems of the inner part are similar to them in the periphery of Tirana. Infrastructure services differ substantially in their economic characteristics across sectors, within sectors, and between technologies. The scheme tries to put into the picture the services, starting from the “user ownership” point of view.

Ingredients of good performance under alternative institutional forms.

Option A Public ownership and public operation

- Government role as owner, regulator, and operator clearly separated.
- No government interference in detailed management.
- Public enterprises subject to commercial law and to general accounting and auditing standards (operating on “level playing field” with private enterprises)
- Tariffs set to achieve cost recovery as appropriate, and enterprise budget to hard budget.
- Public service obligations, if any, targeted and compensated explicitly by government transfers.
- Managers selected by professional qualifications and compensated appropriately. Appropriate mechanism in order to obtain feedback from users.
- Discrete activities and function that can be unbundled open to private entry (ex. Service contracts)
- Private management skills obtained as needed (ex. Management contracts)
- Ownership and control shared with private sector (ex. As minority share holder)

Option B: Public ownership and private operation

- Basic legal framework of contract law, including credible enforcement mechanism, in place.
- Contract clearly specify monitorable performance targets, responsibilities of owner and operator, processes for periodic review (especially to account for unforeseen changes in input costs) mechanism to resolve disputes, and sanctions for

non-performance.

- Contracts awarded by transparent selection process, preferably competitive bidding.

Option C: Private ownership and private operation

- Appropriate competitive restructuring of subsector undertaken.
- Practical and statutory barriers to private entry removed
- Regulation in place to protect interests when competitive discipline is insufficient and to ensure private entrants access to network facilities when relevant.

Option D: Community and user provision

- Participation of users or community members from earliest stage of program preparation to ensure willingness to pay and ownership of scheme.
- Participation of beneficiaries ensured through appropriate organizational means, and with contribution in kind or in cash.
- User group supported by access to training and technical assistance from sectoral agency or non-governmental organizations.
- Appropriate consideration given to technical requirements for interconnections with primary or secondary network infrastructure, if relevant.
- Service operators appropriately trained compensated and held accountable (World Bank, 1994)

CONCLUSIONS AND RECOMMENDATIONS

V. 1. Main Institutional options for provision infrastructure 2

Regulation on Land Development is needed to be improved, in order to avoid losses in land value and speculations. In these respect Local Government should have the power to operate with land. Also the powering of Local Government in taxation, policy designing and decision making is needed in order to be a real actor in the urban development process. Policies and regulation should be formulated in order to respond to this need. As regard the institutional frame possibilities, several options can be developed (see Table on “Option for infrastructure provision”) but chances are that, increasing the involvement of the private sector in providing services (being a sector sensible to the “clients” needs), the quality of these services is considerably improved. In terms of approaches; the different approaches presented and analyzed don’t exclude each other but a combination of the strongest points of the experiences should serve as a cornerstone for further approach formulation. The Partnership between Public and Private sector could be an appropriate approach to start a renewal process in

² Reference: World Bank-World Development Report 1994, pg 110

the inner part. But several points should be taken in consideration, when given e previous experience of PPP.

- There exist the motivation of actors to join a PPP, but the aim of the process should be clearly defined and in the same time should represent as adequately as possible interests of all actors involved.
- Tasks and responsibilities of each actor involved in the PPP should be clearly defined and should reflect the real power of the actors. In the other hand the actors should respond actively to this need. Individual performance influences the performance of the entire model.
- The structure of the model should be estimated properly. Chances to perform better are when structured more in terms of an unit that perform as a body, than in terms of collaboration or co-operation.

A small-scale intervention that reflects the over mentioned points would be adequate. Through this scheme physical improvement can be expected, but the most important result could be the success of a model that can be replicable in bigger scale and that contents recommendation for institutional frame improvement.

A strong element of the intervention should be the community participation that is a key important for success. Local Government should have the needed power in order to play a considerable role in the process.

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