

**World Bank-Austria Urban Partnership Program
City to City Dialogues: Urban Planning and Land Management**

Workshop 1: Modernizing Legal and Regulatory Framework in SEE

*Tirana, Albania
June 19-20, 2012*

Summary Report

Introduction

The World Bank Institute under the WB-Austria Urban Partnership Program (UPP) launched the City-to-City Dialogues (C2C) in December 2011. The overarching objective of the C2C is to facilitate a dialogue and peer-learning among city practitioners. The C2C dialogue program includes a number of series of thematic workshops and actions between the workshops in each series. The key partners are the partner cities, the local government associations and NALAS, their umbrella organization.

This first workshop in the series on *Urban Planning and Land Management* focused on *modernizing legal and regulatory framework for spatial and land use planning in SEE*. Eight state entities of South-East Europe attended the workshop: Albania, Bosnia and Herzegovina (Federation of BiH and Republic of Srpska), Croatia, Kosovo, Macedonia, Montenegro, and Serbia, altogether over 90 participants. The participants included delegates from the local government associations, the 29 partner cities/municipalities represented mainly by urban planners, local and regional experts, delegates from central government agencies and institutions from some of the participating countries, and a representative from the National Alliance for Local Economic Development (NALED), Serbia. (List of participants is in Annex 1.)

A central goal of the workshop was to engage participating urban planners in forward looking and constructive discussion of urban planning related issues that hold municipalities back from accelerating local economic development and curtailing massive illegal construction in the region. Given that it was the first workshop in the series, its purpose was also to sharpen ideas on potential subjects for the next workshop in this series.

The workshop was designed and delivered in a highly participatory manner. Each of the six sessions started from a stage-setting presentation by regional or international experts and then had an ample time for facilitated discussion. Each presentation ended by formulating specific debate questions. The debates were held in one of the three forms: (i) an open floor opinion exchange; (ii) small group discussions and reporting back (for most sessions, each country

constituted its own small group), and (iii) an expert panel discussion followed by questions and answers.

It turned out that this interactive format of the event worked extremely well and allowed to achieve two very important results. First, participants' comments and suggestions validated and detailed main findings presented in expert presentations. Second, some participants moved further and formulated a number of fundamental ideas, which even if not offer specific solutions to existing problems, at least help sharpen further discourse.

The following sections summarize the discussions, results, and lessons by the workshop sessions (see workshop agenda in Annex 2).

Sector Overview (Session 1)

The session included two opening presentations. One, ***Regulatory and Institutional Frameworks for Urban Planning in SEE: Review of Current Reforms***, reviewed the results and recommendations of the NALAS report "*Challenges of Regularization of Informal Settlements in South East Europe: Overview of the Relevant Urban Planning and Legalization Laws and Practice*" (2011), conducted in 13 state entities in the region, including all countries participating in the workshop. The study was based on a structured survey of opinions of countries' associations of local governments (LGs). The main message of the presentation was that the modernization of spatial and land use planning is incomplete and reform of urban planning has been "lost in transition," in a sense that the system of urban planning in the region is still very much administratively and central-government driven activity.

In particular, the NALAS study considered the following issues:

- Influence, authority and responsibility of local governments in the planning process
- Flexibility and efficiency of local plans and procedures
- The level and quality of cooperation between state and local institutions in the planning process
- Citizen participation in the process
- Issues related to the content of the general urban plan.

Key recommendations of the study included the following:

- LGs should be given full authority to own and dispose of land, issue and adopt all local plans.
- Local plans should be strongly linked with local policies, while politicians should be involved in the key decision moments of the process.
- Rules for procuring local plans should ensure obtaining the expected quality of the plans (e.g. the principle of choosing the cheapest service provider has not worked well).

- It is important to make regulations more sensitive to development opportunities and institutionalize collaboration and partnership between authorities / politicians, planners and investors, but at the same time develop efficient mechanisms for protecting public interest.
- Laws should regulate public participation in detail, but most important is to introduce such participation as a common practice, formal or informal. This can be fostered by a combination of means: supplying appropriate manuals; educating urban planners; involving skilled facilitating organizations; and informing, educating and inviting citizens in all key stages of the planning process.
- It is commonly recommendable to establish standardization in production of plans, include contemporary methods, tools and techniques in the process, harmonizing planning and environmental laws and improve regulatory function of some plans (Master Plan).

This presentation posted the following debate questions:

- What does “effectiveness of planning” mean today?
- Who defines the public interest and how?
- If the regulations are relevant and satisfactory, why is planning ineffective?

The second presentation, ***Framing the Agenda***, aimed for providing bold, straightforward, and thought-provoking summary of challenges faced by cities – and their planners – in the region and conveyed a sense and evidence that the matter is urgent. The presentation started from placing the SEE region into a global context:

- Growing urbanization and subsequently increasing demand for urban services and infrastructure (examples of population growth in the region over the past 5 – 10 years: Podgorica – 10%; Skopje – 32%, Tirana – 28%);
- Government decentralization: All Balkan countries have embarked on decentralization. However, urban planning is still very much controlled by central governments;
- Globalization of economic and financial flows, on the background of the international financial crisis. As a result, increasing competition among countries and cities in the region for investors, foreign and domestic, and oversupply of industrial land in the region);
- Severe fiscal crisis in governments at all levels, globally and regionally (“do more for less” is expected from municipal governments, along with a greater efficiency);
- EU accession aspirations, which raises a question whether EU prototypes of spatial planning systems are affordable and feasible in each Balkan country.

These challenges indicate that improved governance, accountability, and efficiency of city government and municipal management are critical for survival and prosperity of cities in the region.

The presentation then introduced a critical notion of urban planning as *a social contract between land owners and government*: In advanced democratic market economies, private land owners surrender some of their land use freedoms and investment powers in exchange for government providing some common-interest services and goods (such as predictable and compatible land uses; streets; roads; public spaces; and social and engineering infrastructure). Within this paradigm, urban planning is a political process first and foremost, and a technical process second (Figure 1).

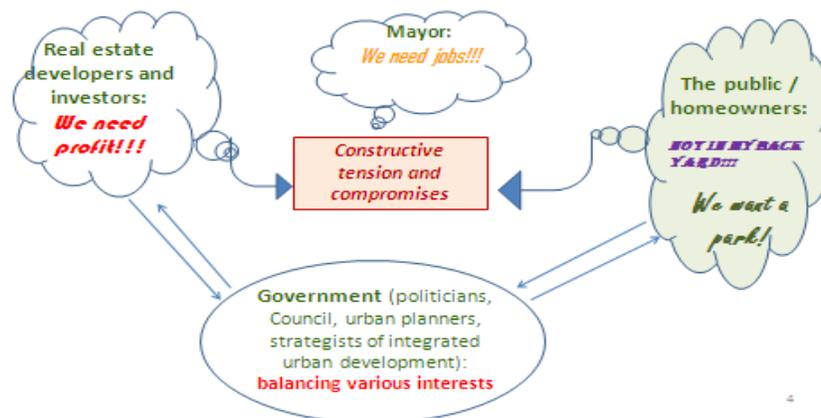


Figure 1. Players in Urban Planning Process

However, in transition economies, including the Balkans, urban planning often continues to be a prescription of government to its institutions and enterprises, along with private landholders, on what should be built and where, based on an outdated assumption that the government is in charge of everything, including investment in production, commerce, housing, etc. In such systems urban planning is an administrative and technical process of allocating governmental resources.

The role of urban planners in the Balkans today appears to be quite ambiguous, and this is why this issue was posted as one of the debate issues.

The urgency of addressing the urban planning matters was presented as a combined total of several factors:

- 1) Alarmingly low international ranks – for most countries in the region - in dealing with construction permits (Table 1).
- 2) A systemic risk of eroding the “rule of law” society through two channels. First, because of massive informal and illegal construction by both private sector and government itself. Thus, estimated share of illegal housing units in the total housing stock is 25% in Croatia,

30% in Montenegro, 40% in Serbia, and 40% in Albania. Second, through wide-spread corruption in the area of land development and building permits. At the level of cities / municipalities, a scale of informal construction can be staggering: in Gostivar (Macedonia), population 45,000, there are about 9,000 informal / illegal structures of all types: single-family houses, multi-apartment housing, commercial and even institutional real estate. In Banja-Luka (B&H), estimated population 250,000, there are about 15,000 – 20,000 informal/illegal structures.¹

Table 1. Rank of Participating Countries by the “Doing Business” Indexes

	Ease of doing business rank	Dealing with construction permits rank (out of 183)
Albania	82	183
B&H	125	163
Croatia	80	143
Kosovo	117	171
Macedonia	22	61
Montenegro	56	173
Serbia	92	175

Source: World Bank’s “Doing Business,” 2012; <http://www.doingbusiness.org/rankings>

3) Damage to functional qualities, livability, and attractiveness of cities through un-planned development, congestion, incompatible land uses, and loss of public spaces.

4) Questionable

sustainability of spatial urban plans that allow and lead to high land consumption via urban sprawl (Box 1). This, in turn, leads to high cost of public infrastructure and traffic congestions. One of the drivers of the sprawl is that it is easier to do greenfield development than brownfield redevelopment or simple change of existing land use.

Box 1. Example of typical construction parameters for an industrial zone in Serbia:

Maximum permitted land coverage – 60%; maximum permitted floor space index – 0.8 → for each 1 sq. m. of a production facility 2.1 sq. m. of land are needed

5) Overregulated land uses – at least in industrial zones - repel investors, reduce economic productivity of land, and reduce cities’ and

Box 2. Example: Macedonia

A foreign investor approached one municipality, about building a production facility there. One condition was that he would build a small guest house on the grounds of the facility for company visitors and housing for company staff. This is prohibited by the land use rules for “industrial zones,” and the investor left. Did anybody in this city or Macedonia benefit from this rule that led to forgoing the potential investment and new jobs, given that the unemployment rate in Macedonia is above 30%?

¹These municipal-level examples were provided by workshop participants during the debate.

countries' competitiveness (Box 2).

6) The high costs of the current system to the society. First, can local governments afford the current system, especially in smaller cities? Second, as the “doing business” index indicates, the cost of real estate development for the private sector is too high in terms of money, time, and complexity.

Debate questions posted in the presentation included the following:

- What is the role of urban planners in the Balkans today & how should it evolve?
- Can a combination of (i) simplifying land use / compliance requirements, (ii) preparing spatial / development plans faster, and (iii) enforcing the simplified requirements ease the problems of unruly urban development?
- Can your city, economy, and society afford the current system on multi-layered spatial / regulatory plans or, alternatively, do you need a simpler / cheaper system?
- What can urban planners do to reduce new illegal and informal construction?
- Are the roles of the central and local governments in urban planning balanced right in your country? If rebalancing is needed, in which direction?
- What can you, in your city, do better within the existing regulatory environment?
- Who are the beneficiaries of the current system and who can be the champions of change in urban / spatial planning in your city and country?
- Is there a vision for the city of tomorrow?

Urban Planning Reforms: Shifting Responsibility and Accountability to the City Level: More Questions than Answers? (Session 2)

Privatization of state owned assets (land, real estate, means of production, etc.) brought multiple actors into urban development: not just public authorities, but also private owners, builders, developers, citizens, non-profit organizations, and other interest groups. The new social context, the sharp economic downturn, and the conflicts during the 1990s led to severe urban challenges, including emigration-immigration, uncontrolled sprawl, failing infrastructure, loss of natural resources and cultural heritage, and socio-spatial segregation. These challenges highlighted the need to reforming planning practices, which did not happen in the region in 1990s. However, after 2000, urban planning partially re-established itself as an important function and as an important profession across the region.

Are the reforms undertaken to date and planning instruments deployed really sufficient to make urban development socially equitable, environmentally sustainable, financially feasible and actually implemented in such a manner? More specifically:

- Are the existing instruments appropriate?

- Are they being used?
- Which ones are working and which ones are not?
- Should the planning regulations be less strict (i.e. de-regulate), or, alternatively, are additional and/or innovative planning instruments needed? Such instruments may include:
 - *Capital investment plans*, to be prepared together with the urban plans;
 - *Strategic planning processes* linking urban planning to decision making on local economic development;
 - *Taxation of the incremental value of land* brought by public infrastructures (e.g. development fees, betterment fees, etc.), in order to share the cost of development in a more socially equitable way;
 - *Public Private Partnership* mechanisms linking planning with infrastructure financing and delivery by the private sector;
 - *Coordination mechanisms with utilities*, to make sure that LGs and Utilities have the same strategies on infrastructures and services;

As part of the expert panel discussion, challenges of urban planning reforms in Belgrade (Serbia) were presented. A conclusion of the presentation was that the laws, regulations, and typical local practices are not sufficient for cities aiming to be competitive in the new international markets. There is the time for cities to learn basic lessons on managing resources and processes, including such instruments as:

- Incentives for providing public amenities,
- Sustainable construction,
- Brownfield redevelopment,
- Social and non-profit housing,
- Public transportation,
- Alternative sources of energy, and etc.

Costs of Delayed Modernization (Session 3)

It is commonly agreed that modernization of urban and spatial planning is incomplete in most countries in the region. However, the costs that this delayed modernization causes to the countries have not been sufficiently recognized and discussed. Therefore, the session took a close look at the “anatomy” of these costs: which are they and who pays?

First, seven main features of the current systems that cause such costs were identified. Then, for each of the features, direct financial costs were identified, along with payers. Finally, other economic and societal costs caused by each feature were pinpointed (Table 3).

Table 2. Costs of the Delayed Modernization

Feature of current urban planning	Direct financial costs of this feature	Other societal and economic costs
-----------------------------------	--	-----------------------------------

		Which costs	Costs to whom	
1	Spatial and regulatory plans are too complicated and detailed for existing capacity / resources at local government level → Preparation of the plans lags behind development	High direct monetary cost of preparing the plans by local governments	Local budget	Massive informal construction on unplanned land → erosion of “rule of law” society
2	Building infrastructure lags behind, even when plans exist	Higher cost of retrofitting infrastructure after construction	Both public budgets and land occupants	Less attractive environment for land users
3	Overregulated land uses → Low productivity and attractiveness of land	Higher cost of production and real estate	Businesses, developers, final real estate users	<ul style="list-style-type: none"> ✓ Massive violation of rules → erosion of “rule of law” ✓ Investors leaving for other destinations → reduced competitiveness and inhibited economic growth ✓ Excessive consumption of new land
4	Permitting process: costly, long, complicated (see countries’ ranks in http://www.doingbusiness.org/rankings)	Costs of obtaining permits	Businesses, developers, population	<ul style="list-style-type: none"> ✓ Reduced competitiveness ✓ Reduced productivity of the economy ✓ Ground for corruption ✓ Massive construction without permits → erosion of “rule of law”
5	Lack of enforcement of strategic qualities of the urban fabric → damage to functional qualities and attractiveness of cities	Cost of commute	Businesses and population	<ul style="list-style-type: none"> ✓ Reduced productivity of the economy; ✓ Reduced quality of life; ✓ Reduced competitiveness
6	Planning low density on city outskirts without good justification	Cost of building infrastructure for sprawl development	Central and local budgets, donors, and developers	Excessive consumption of new land
		Time and cost of commute	Businesses and population	
		Cost of infrastructure operation and maintenance	Businesses and population	
		Higher cost of land acquisition	Businesses, developers, final real estate users	
7	Difficulty to change existing urban land uses			Excessive consumption of new land

As Table 2 indicates, everybody shares direct financial costs of the current system:

- Public budgets, both municipal and central
- The private sector: Businesses, developers, final real estate users, and population at large

Other societal and economic costs take a high toll as well:

- Massive informal construction → erosion of “rule of law” society
- Reduced competitiveness
- Inhibited economic growth and economic productivity
- Reduced quality of life
- Excessive consumption of new land.

Further, in order to illustrate how land uses are overregulated, at least for municipally-owned land, a case study of a greenfield industrial zone on municipal land in Serbia was presented. It demonstrated that more than 23 parameters were defined for each plot, and how they conflicted one with another and reduced the economic productivity of land.

The following debate questions were posted:

- Who are the beneficiaries of the current system?
- Main (most damaging) elements of the delayed modernization of urban and spatial planning in your country.
- What realistically each city can do to reduce the burden and costs of these elements?
- What can cities do *jointly* to the same effect?
- Which measures are needed from the central government for reducing these burdens and costs?

Costs of Implementation: Linking Spatial Planning with Financial Planning (Session 4)

This session was centered on issues of linking infrastructure provision and land planning. In an ideal world, urban land use planning would be aligned with municipal capital improvement planning (CIP) so that public infrastructure developed in pace with well thought-out spatial plans and private sector investment. However, there are only few cases of good infrastructure led growth in post-communist Europe. Reasons include:

- Regulatory authority of local governments is often constrained by higher level governments through the approval of General Urban Plan
- History of rigid Detailed Urban Plans that contain standards which are too costly to meet
- Extremely confusing demographic and economic trends: Rapid urbanization and sub-urbanization; demographic decline; refugees; explosion in private vehicle use; deindustrialization, etc.

- Diffusion of planning authority and skills across multiple institutions (e.g. roads vs. everything else)
- Poor municipal control over public utilities
- Inability of public utilities to finance their operating costs and investment needs
- Local governments having limited land assets and poor or none inventories of this land
- Huge backlog of municipal investment needs due to 40 years of underinvestment/deferred maintenance
- Often mismatch between municipal revenues and backlog of investment needs.

Box 3. Poland as Semi-Success Case

Poland presents a relatively rare case of semi-success, for the following reasons:

- Local governments were well endowed with land and property early in government decentralization and obtained strong planning rights with limited external oversight
- Planning standards are made more economically realistic (e.g. loosening restrictions for commercial development)
- Rapid commercialization of municipally owned utilities and moving them towards better tariff policies
- Creation of strong infrastructure development units within LGs, to coordinate planning with utilities and developers
- Successful privatization / outsourcing of certain urban services (e.g. solid waste), leaving more resources for strategic planning
- Local governments get a large and stable share of the overall fiscal pie.

At the same time, some things didn't work well:

- Urban planners hoped that the market based property tax would at once help rationalize urban land use, and provide local governments with a reliable revenue stream for the modernization of urban infrastructure. When it failed, invented two other fees: *planning gains fee* (tax on resale of property whose value has increased since as a result of re-zoning) and *betterment fee* (charge on a property value increase caused by new public infrastructure). Neither has been very successful: both are hard to calculate and execute, because often it is not clear what is driving increase in market value and market values poorly recorded. Also, expensive to administer.
- So still no reliable local source of revenue that links urban land use with infrastructure development.
- But law now requires that land use plans must be discussed publicly and accompanied by Financial Impact Studies to ensure that they can be realized.

In sum, challenges in the Balkans, can be viewed as follows:

- A fundamental dilemma in aligning urban plans with infrastructure development is financial.

- Backlog of urban infrastructure needs and rapidly changing demographics vs. municipalities and utilities that do not have the funds to build what is needed.
- Other challenges include unrealistic and overly costly standards, limited municipal control over urban planning, limited size of municipal land holdings, poor utility management, and fragmented responsibility for infrastructure planning within City Hall and between it and utilities.
- While many improvements are important (i.e. realistic planning standards, linking them to financial plans, giving municipalities appropriate regulatory autonomy, endow municipalities with property and property rights, improving cooperation among City Hall, the utilities, and the private sector), none of this will resolve the problem of not having the resources necessary to build infrastructure as fast private investors require it to be built.

There is a limited number of ways to raise the revenues necessary to finance infrastructure development. In this regard, two critically neglected areas in the Balkans are:

(i) *Forcing utilities to charge appropriate tariffs and to collect them.* In particular, water and solid waste companies must be forced not only to cover their operating costs but to plan and contribute to the financing of their most important investments. Therefore, improving the relations between City Hall and the providers of network infrastructure is a fundamental challenge that has to be met.

(ii) *Using more “land-based financing:”*

- Win greater control over urban land and buildings held by the state and/or public utilities
- Make better use of their real-estate assets to generate revenues
- Give municipal property to the private sector in exchange for infrastructure or sell to highest bidders and use proceeds for capital investment
- Use power to set fees, taxes and zoning rules to extract a public share from private investment: e.g.
 - Sell development rights to investors in rezoned areas
 - Capture part of the value increase from new land use plans or infrastructure
 - Land Development Fee.

In most of the region, the Land Development Fee is the single most important source of local government own revenues. But the fee is also a tax on new investment, and is an obvious target for those aiming to improve the “local business environment.” Overly high Land Development Fees also invited illegal construction. As a result, in many countries it is coming under attack. Generally, the proposition is that the Fee be limited to the direct costs of providing the immediate public infrastructure that is necessary to serve private investment. The problem with this is that it deprives local governments of the general revenues they need to fund the backlog of general infrastructure needs.

What can be done? Civilize the fee by making it into a tax –on the Albanian model– with a clearly defined base and centrally capped rate. This won't solve the more profound problem of underfunding, but it will at least prevent further deterioration of municipalities' ability to fund their infrastructure needs.

In sum, local governments clearly need to:

- Make better use of their existing revenues and assets
- Radically improve utility finance and management
- Do a better job setting and realizing investment priorities
- Rethink urban planning norms and standards
- Make better use of their land (auction with high density attached; contribute in “land for infrastructure” PPPs, etc.)
- Use their administrative power to increase the value of private and state-owned land and extract a part for infrastructure finance
- Improve the overall robustness, stability and equity of the intergovernmental finance systems in which they operate.

As part of panel participation, two cities made presentations illustrating new finance tools. The City of Rijeka, Croatia, presented a plan to build a new bus station as British-type build/operate/transfer PPP. However, they noted that Croatian law on PPPs contains too many steps that make PPPs not an attractive proposition. The City of Novi Sad, Serbia presented its planning research and development center.

WBI Urban E-learning Curriculum – Perspectives from the Users (Session 5)

This session briefly presented two of the e-learning courses: on Sustainable Urban Land Use Management and on Street Addressing and the Management of Cities. Subsequently, four graduates of the course shared their impressions, all extremely positive. All of them emphasized that one of the great benefits was communication and experience exchange with colleagues from other parts of the world (e.g. Mexico). This session offered insights to workshop participants on the content, structure and methodology of the two WBI Urban e-learning courses.

Urban Planning and Land Management Self-Assessment: Purpose, scope, template / questionnaire (Session 6)

This session introduced a discussion draft of a self-assessment instrument to participants, in order to solicit their feedback and input. This self-assessment template includes 19 diagnostic inquiries and Action Plan to be developed. The diagnostic includes qualitative parts and 11 quantitative indicators. The instrument is being adapted to SEE and further refined, based on the feedback from participants.

Main Feedback and Debate Contribution by Participants

Responses to some debate questions varied very substantially from country to country. For example, participants had quite different and sometimes opposite views on whether land uses are overregulated in their formal plans. Nevertheless, many common threads and ideas emerged, with main of them summarized below.

- A. The fall of totalitarian control over land uses led to explosive energy of investment and building by the private sector, driven by individual interests of land holders and investors. In other words, a fundamental source of illegal construction in the region, both in urban and rural areas, is land owners' drive to build on their land what they want, regardless of land use plans or lack of such plans.
- B. A role of urban planners – and the government in general - in such an environment is very unclear and conflicted, with no resolution in sight. For example, in Serbia, the central government requires – presumably in an attempt to curb corruption – that urban planners become “more strict,” but this further deepens a conflict with interests of developers and investors who press on urban planners for “more flexibility,” in order to make projects more economically and financially viable.
- C. At the same time, urban planners working at either government institutions or in private sector companies, which prepare various plans, are beneficiaries of the current system as the source of their livelihoods.
- D. Prevalence of individual interests over common ones led to visible overconstruction resulting from a flood of individual unplanned investment, such as in Dures (Albania). The fact that this creates mutual inhibition of property values by neighbors or diminishes the quality of the common-use environment (Budva, Montenegro) is finally downing on the societies. Hopefully, this creates a foundation for moving to the next stage, when conventions on common and public interests would need to be made and find their way into spatial and land use planning and implementation. One can expect that the younger generation and professional developers would become champions of such changes.
- E. However, establishing a new social contract around spatial planning and land use planning is further complicated and magnified by the fact that the region has what can be called “low-trust societies”: citizens do not trust government, the levels of government do not trust each other, and jointly they do not trust their citizens.
- F. The whole system of urban planning continues to be off-balance and its elements are not harmonized:

- It continues to be multi-layered, with a heavy-hand role of the central government practically everywhere. For example, parcelization rules in Serbia are defined by national-level rule books, regardless of a local context. Similar, in Montenegro, laws and regulations do not leave a room for local creativity and flexibility.
- Moreover, central government interventions in land management and spatial planning can be directly detrimental for local economic development and finance. Thus, the Government of Macedonia promotes Free Economic Zones outside cities, which creates substantial extra costs for supplying infrastructure to these zones. Meanwhile, cities abound in industrial land zones equipped with infrastructure, which they would be glad to convert in Free Economic Zones.
- Approvals of plans can be difficult to obtain (B&H) or preparation is stalled altogether by none-participating parties (Macedonia).
- Laws and regulations are changing too often (Serbia, Macedonia, Kosovo), which makes compliance by LGs almost impossible;
- There are so many required plans that they overlap or duplicate each other (Serbia). This also makes discrepancies unavoidable. For example, in B&H, Kosovo and Macedonia, the national-level plans that should underpin municipal spatial plans are not developed yet or developed without any contribution from municipalities;
- Laws and regulations that define requirements for local spatial planning and land management are often written as “one-size fits all” rules tailored for capital / large cities and completely ignoring needs and capacities of smaller LGs. While this is a common problem in the region, it is exemplified by a recent law in Albania, enacted in September 2010 (*Law on Territorial Planning*). So far, only two out of about 300 local government units managed to have their plans approved, and about 20 others are in the process of preparing the plans according to new rules. However, for the majority of LGs, the requirements of the law are completely beyond their capacity and budgets, not only to prepare but even to implement these plans, in case donors would develop the plans for them.

Another common issue is that regulations, Rule Books, and standards do not leave any or sufficient room for local variations.

- The cost of preparing required local plans appears to be a controversial issue. On the one hand, participants provided multiple examples of the cost of the plans being too high for local budgets (i.e. \$300,000 for a master plan of a mid-size city) or not affordable at all. On the other hand, there is concern that some plans are done too fast and cheaply, which can be aggravated by a procurement requirement to choose a cheapest service provider, if preparation of plans is outsourced. One of the suggested solutions (Macedonia) was to do the plans in-house, which would reduce the costs.

- G. Public participation is usually low and lacking at the beginning of the process when key elements of the plans are defined.

- H. A way out of maze within the realm of spatial planning and land use rules could be a political process, in which the government and society would agree about new procedural rules and, as a result, re-write the entire system of laws and regulations. However, it remains to be seen whether such radical change is feasible.

- I. Further, the system of urban planning is not sufficiently linked with other public administration areas, in particular:
 - Investment in public infrastructure is not planned or funded properly, which is a major obstacle for orderly and rational land development. For example, a typical case in Kosovo is that each investor in a municipal industrial zone deals individually with municipal service providers, such as water company, and pays for its own off-site hook-ups. Even strategically located cities (Serbia) may have no capital investment plans. In other countries, (e.g. Croatia), developers' fees do not cover the full cost of infrastructure; moreover, LGs do not have sufficient tools for infrastructure finance. Another case (Slovenia) is that the governments of all levels uncured heavy debt loads to build public infrastructure, including municipal (water / sewerage, schools / kindergartens) and now this debt constrains public budgets.
 - Urban planning and management of government-owned land are not linked, as a rule. Thus, urban planners do not have maps reflecting land ownership, so they do not know on which land they plan what or which land resources their own LGs own;
 - More broadly, economic and other data perceived by urban planners as needed are often lacking;
 - Donors' assistance sometimes leads to overproduction of one type of plans (e.g. "strategic development plans" in case of Serbia), while spatial plans are neglected.

- J. Urban planning is further complicated by being knotted with other issues, such as legalization of informal / illegal objects. Following sentiments were expressed:
 - Some urban planners perceive that they are not responsible for massive informal construction of the past
 - Some also perceive that participating in the legalization process is beyond their profession
 - Tension regarding unfair incentives to those who built illegally, comparing with lawful builders/payees. This is based on the fact that legalization costs much less than law-obeying builders paid as the land development fee (for example, in

Macedonia, a fee of one Euro per square meter of land is required for legalization, while lawful builders paid 40 Euro per square meter; as similar situation is in Serbia)

- A concern is that the timing given for legalization by law is not realistic (for example, the law gives 5 years for completing the process, while a city has 8,000 illegal structures and able to process only about 1,000 per year)
- Local governments are left alone to deal with legalization implementation.

K. The profession itself needs modernization. This should include several key components:

- (i) Modernization of the urban planning education,
- (ii) Introduction of contemporary instruments of spatial planning and land use planning (e.g. introduction of new types of land use zones, such as “hybrid zones;” or new forms of public participation in the beginning of a planning process; instruments of sustainable development, etc.).
- (iii) System of continuing education and training
- (iv) Mechanisms of in-country experience exchange.

L. From the private sector viewpoint, rules and procedures should be more clear and transparent. For example, clear and simple guidance / manuals for both investors and local governments are needed.

M. The issue of how to manage municipally-owned land – e.g. sell it on auctions to generate revenues for infrastructure investment or give to investors for free in exchange for new jobs – was discussed, and participants expressed interest in learning more from experiences with this in the region and internationally.

N. Municipal urban planners cannot address all the challenges they face on their own. They need and want to open up for discussion and cooperation with the private sector, utility companies, and other departments of the local government.

O. A broader set of infrastructure finance instruments is needed.

P. More flexibility is needed for planning locally and approving plans locally.

Conclusion

The complexity of the issues discussed at the workshop manifested itself in the fact that opinions on a number of issues varied substantially, among both, participants and organizers / facilitators. However, there was a consensus that the dialogue on further modernization of urban planning in the region needs to be held jointly with the private sector investors / developers, municipal utilities, and local government budget officials.

Annexes

Annex 1. Workshop participants

Nr	First Name	Last Name	City	Position/Department	Institution
1	Rikard	Luka	Tirana	Deputy Director	NTPA
2	Fatlinda	Struga	Tirana	Head of territorial planning sector/ NTPA	NTPA
3	Enerjeta	Murataj	Tirana	Head of the territorial coordination development control sector	NTPA
4	Borana	Laci	Tirana	Legal expert	NTPA
5	Silvia	Kushi	Tirana	Architect	NTPA
6	Rezarta	Laci	Tirana	Legal expert	NTPA
7	Fatri	Petku	Sukth	Head of Urban Planning Department	Sukth Municipality
8	Redin	Kusta	Berat	Head of urban planning	Berat Municipality
9	Marios	Qytyku	Berat	Programing and Development	Berat Municipality
10	Xhelal	Husni	Gjoci	Urban Department	Kamza Municipality
11	Zhaneta	Lubonja	Korca	Head of Urban Planning	Korce Municipality
12	Aida	Shllaku	Shkodra	Head of Urban Planning	Shkodra Municipality
13	Rudina	Toto	Tirana	Head of Policy Unit	Co-PLAN
14	Isida	Duka	Tirana	Planning Expert	Co-PLAN
15	Zenel	Bajramia	Tirana	Planning Expert	Co-PLAN
16	Besmira	Dyca	Tirana	Planning Expert	Co-PLAN
17	Doris	Andoni	Tirana	Housing Expert	Polis University
18	Eltjana	Shkreli	Tirana	Planner	Polis University
19	Endri	Marku	Tirana	Architect	Polis University
20	Natasa	Pelja-Tabori	Sarajevo Canton	Advisor, Development planning department	Institute of development and planning of Sarajevo Canton
21	Zina	Ruzdic	Sarajevo Canton	Architect	Institute of development and

					planning of Sarajevo Canton
22	Marina	Deronjic	Mostar	Head of urban department	City of Mostar
23	Verica	Kunic	Banja Luka	Head of urban department	City of Banja Luka
24	Alvira	Vujinovic	Banja Luka	Department of urban planning	City of Banja Luka
25	Jelena	Hrgar Pavlovic	Banja Luka	Urban Planer	City of Banja Luka
26	Nevenka	Koričančić	Ministry of Spatial Planning	Ministry for Spatial Planning	Ministry of Spatial Planning
27	Marija	Pavlovic - Palcok	Zadar	Head of Urban Planning Department	City of Zadar
28	Srdjan	Skunca	Rijeka	Head of the developemnt, urbanism, environment and spatial planning of City of Rijeka	City of Rijeka
29	Vjekoslava	Glavan	Crikvenica	Head of Urban Planning Department	City of Crikvenica
30	Mario	Josic	Zagreb - WB project	Training Manager	WB Project Implementation Unit
31	Ilir	Gjinoli	Pristina	University of Pristina	University of Pristina
32	Luan	Nushi	Pristina	Director - Institute for Spatial Planning	MESP - AMMK
33	Nexhmije	Loshi-Durmishi	Suhareke	Chief of Urban Planning	Suhareke Municipality
34	Modest	Gashi	Peja	Urban Planning Dep.	Peja Municipality
35	Leonora	Rraci	Gjakova	Head of Urban Planning	Gjakova Municipality
36	Isa	Hoxhaj	Istog	Head of Urban Planning	Istog Municipality
37	Ilina	Lalkova	BILD Urban	Architect	BILD Urban -Skopje
38	Katerina	Karaga	BILD Urban	Architect	BILD Urban -Skopje
39	Ana	Petrovska	BILD dooel	Architect	BILD dooel -Skopje
40	Ana	Gjorgjevska	BILD dooel	Architect	BILD dooel -Skopje

41	Rubin	Nikoloski	Bitola - centre for development	Pelagonija centre for development	Pelagonija centre for development
42	Valdet	Tairi	Gostivar	Urban Planning Department	Gostivar Municipality
43	Sefedin	Bilali	Gostivar	Urban Planning Department	Gostivar Municipality
44	Abdula	Bajramovski	Dolneni	Mayor	Dolneni Municipality
45	Satki	Miftaroski	Dolneni	Head of urban Sector	Dolneni Municipality
46	Imrli	Beqiri	Bogovinje	Urban Planning Department	Bogovinje municipality
47	Skender	Palloshi	Tetovo		Tetovo Municipality
48	Stojka	Dolikoska	Gazi Baba	Head of department	Municipality of Gazi Baba, Skopje
49	Tatjana	Jelic	Tivat	Urban Planning Department	Tivat Municipality
50	Tamara	Jovanovic	Nis	Planner/Architect	City of Nis -Public Institute for planning
51	Bozana	Lukic	Ministry	Ministry for spatial planning and environment	Ministry for spatial planning and environment
52	Violeta	Jovanovic	NALED - National	Executive Director	NALED - National aliance for economic development
53	Zaklina	Gligorijevic	Belgrade	Director, Belgrade Town Planning Institute	Belgrade Town Planning Institute
54	Bojana	Kulacin	Novi Sad	Urban Planning Insitute	Novi Sad Urban Planning Institute
55	Darko	Polic	Novi Sad	Architect/planner	Novi Sad Urban Planning Institute
56	Marko	Stojanovic	Novi Sad	Architect/planner	Novi Sad Urban Planning Institute
57	Kadri	Gega	Tirana	TF Member	AAM/NALAS Task Force Urban Planning
58	Azra	Agic	Sarajevo	TF Member	NALAS Task Force Urban Planning
59	Biljana	Markovic	Sarajevo	TF Member	NALAS Task Force Urban Planning
60	Daniel	Katicin	Tkon	TF Member	NALAS Task Force Urban Planning
61	Florina	Jerliu	Pristina	TF Member	NALAS Task Force Urban Planning
62	Vesna	Jurak	Bitola	TF Member	NALAS Task Force Urban Planning

63	Klara	Danilovic	Beograd	TF Member	NALAS Task Force Urban Planning
64	Milena	Garthley	NALAS	TF Member	NALAS Task Force Urban Planning
65	Aliona	Cazacu	Chisinau	TF Member	NALAS Task Force Urban Planning
66	Izidor	Jerala		TF Member	NALAS Task Force Urban Planning
67	Nikola	Petrović	Podgorica	Coordinator of Component B	MSDT-LAMP
68	Petar	Živković	Podgorica	Project Manager	MSDT-LAMP
69	Dragan	Cvetkovic	Podgorica		MSDT-LAMP
70	Besnik	Alijaj	Tirana	Rector	Polis University
71	Dritan	Shutina	Tirana	Executive Director	Co-PLAN
72	Christine	Kessides	DC		WBI
73	Sabine	Palmreuther	DC		WBI
74	Catherine	Farvaque Vitkovic	DC		WBI
75	Stephen	Karam	DC		WB
76	Tamara	Nikolic	Vienna		WBI
77	Djordje	Mojovic	Belgrade		Urban Development Program
78	Olga	Kaganova	DC		Urban Institute
79	Angelo	D'Urso	Tirana		Urban and regional planning expert
80	Tony	Levitas	Warsaw		Expert

Annex 2. Workshop agenda

Modernizing Legal and Regulatory Framework in SEE

Workshop 1: Tirana, Albania, June 19-20, 2012

Day 1 (18.06.2012)	<i>Arrival, registration, dinner upon arrival</i>
Day 2 (19.06.2012)	
8:30 - 9:00	<p>Opening Session</p> <p><i>Host remarks: Besnik Aliaj, Dean Polis University</i></p> <p><i>Catherine Farvacque-Vitkovic and Sabine Palmreuther, WBI Urban: WB-Austria Urban Partnership Program</i></p> <p><i>Stephen Karam: ECA Sustainable Cities Initiative</i></p>
9:00-10:45	<p>Session 1: Sector Overview Session</p> <ul style="list-style-type: none"> - Regulatory and Institutional Frameworks for Urban Planning in SEE: Review of Current Reforms – <i>Presenter Dr. Djordje Mojovic</i>, based on the NALAS Report - Framing the Agenda – <i>Presenters: Ms. Catherine Farvacque-Vitkovic, WBI Urban and Dr. Olga Kaganova, Urban Institute</i> - Presentations from participating municipalities
10:45-11:00	<i>Coffee Break</i>
11:00-13:30	<p>Session 2: (Panel and small groups) Urban Planning Reforms: Shifting Responsibility and Accountability to the City Level: More Questions than Answers? - <i>Moderators and facilitators: Dr. Djordje Mojovic and Mr. Angelo D'Urso</i></p> <p><i>Plenary session:</i></p> <p>Expert panel sets the stage for debate: What and how should be done for</p>

	<p>giving city-level planners more responsibility but also making them more responsive to the realities and accountable</p> <p>Discussion: Urban Planning Reform: A review from SEE Experiences</p> <p>Sharing of experiences from participating municipalities</p> <p>Presenter:</p> <p><i>Zaklina Gligorijevic - Director, Belgrade Town Planning Institute</i></p> <p><i>Small groups:</i></p> <p>Discussions on specific elements of shifting responsibility & accountability</p> <p>Report back & wrap-up by the facilitators</p>
13:30 – 14:30	<i>Lunch</i>
14:30 – 18:00	<p>Site Visit:</p> <p>Travel through Tirana - Durres Corridor</p> <p>Visit to Tirana municipality – Presentation by the Mayor Mr. Lulzim Basha and Deputy Mayor Mrs. Jorida Tabaku</p>
19:00	Dinner at Sky tower restaurant
Day 3 (20.06.2012)	
9:00-11:00	<p>Session 3: Costs of Implementation I: The costs of inaction</p> <p><i>Moderators and facilitators: Dr. Olga Kaganova, Urban Institute and Mr. Angelo D’Urso</i></p> <ol style="list-style-type: none"> 1. Issues formulation 2. Country-based group discussions (?) 3. Report back from participating municipalities 4.
11:00- 11:15	Coffee break

11:15-12:30	<p>Session 4: Costs of Implementation II: Linking Spatial Planning with Financial Planning – <i>Presenter and moderator: Mr. Tony Levitas</i></p> <ol style="list-style-type: none"> 1. Issues formulation 2. Good practice examples, Warsaw: Use of the mandatory Financial Impact Study as a part of preparing Local Development Plans 3. Sharing of experiences from participating municipalities 4. Summary <p>Presenters: <i>Srdjan Škunca - Head of the developemnt, urbanism, environment and spatial planning of City of Rijeka</i></p> <p><i>Marko Stojanovic and Darko Polic - Novi Sad Urban Planning Institute</i></p>
12:30 – 14:00	<p>Lunch – Screening the Movie "Urbanized"</p>
14:00 – 14:45	<p>Session 5: WBI Urban E-learning Curriculum – Perspectives from the Users</p> <p><i>Facilitators: Catherine Farvacque-Vitkovic and Sabine Palmreuther, WBI Urban</i></p> <p><i>Presenter: Klara Danilovic, Standing Conference of Towns and Municipalities (SCTM), Serbia</i></p> <ol style="list-style-type: none"> 1. Introduction of the World Bank E-Institute 2. Sustainable Urban Land Use Planning e-learning course 3. Street Addressing and the Management of Cities e-learning course 4. Presentation of the online platform
14:45 – 17:45	<p>Session 6: Urban Planning and Land Management Self-Assessment: Purpose, scope, template / questionnaire – <i>Presenter: Dr. Olga Kaganova</i></p> <ol style="list-style-type: none"> 1. Template / questionnaire presentation 2. Country-based groups review the template / questionnaire <p><i>Coffee break</i></p> <ol style="list-style-type: none"> 3. Facilitators: O. Kaganova, T. Levitas, D. Mojovic, A. D’Urso 4. Discussions
17:45 – 18:00	<p>Closing Remarks</p> <p><i>Moderators: Ms. Catherine Farvacque-Vitkovic, Stephen Karam (tbd)</i></p>
19:00	<p>Farewell dinner</p>