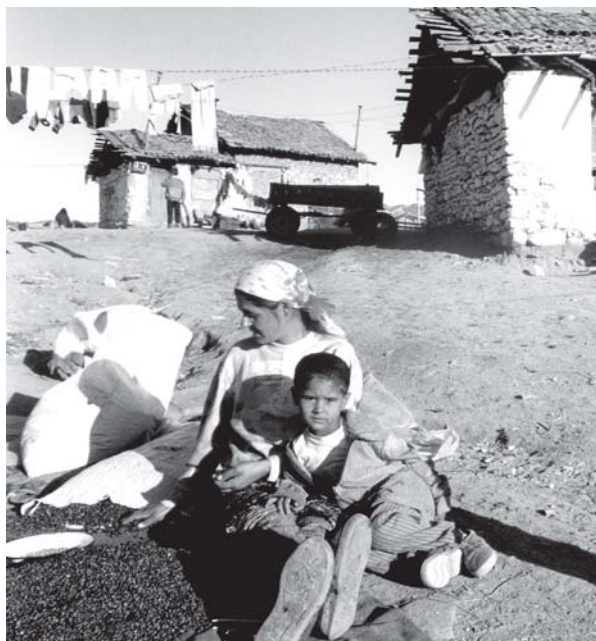


**Support to the Formulation of
A National Programme for
Improving the Living Conditions
of Disadvantaged Ethnic Minorities
in Urban Areas**



United Nations Development Programme

Sofia, 2005

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FOREWORD

This report is the final output of a policy and programming advisory service undertaken by UNDP Bulgaria for the Government of the Republic of Bulgaria over the period from November 2004 to February 2005. The National Housing Strategy, adopted by the Council of Ministers on 14 May 2004, supplies the development framework through a specific slot dedicated to Roma housing under the Operational Direction addressing priority needs. In accordance with the urgent requirement to develop this opening to the level of the other programme areas of the Strategy, the advisory service has provided intensive direct support to the Ministry of Regional Development and Public Works and the National Council for Cooperation on Ethnic and Demographic Issues under the Council of Ministers. The outcome of this partnership is a fully costed and time-bound indicative National Programme that targets the living conditions of disadvantaged ethnic minorities, concentrating on urban neighbourhoods and with a special focus on the Roma community.

The preparation of the proposed indicative National Programme has been accompanied by wide collaboration with policy-makers, experts and future beneficiaries at the national, municipal and community levels so as to ensure that the complex policy and implementation aspects of the proposed programme are fully taken into consideration. The work of the UNDP team has been supported by various advisory mechanisms at the national level through a working group comprising senior technical specialists from the Government, free-lance architects and Roma experts together with a legal working group. At the municipal level there have been extensive consultations in seven municipalities (Sofia, Plovdiv, Pazardzhik, Stara Zagora, Sliven, Lom, Kyustendil) with the mayors, municipal chief architects and technical experts, Roma-oriented NGOs and people living in Roma neighbourhoods. These activities culminated in a round-table discussion on 16 February 2005 where the proposed indicative National Programme was presented by UNDP Bulgaria to senior central and local government officials, politicians, district administration representatives, NGOs and the media.

The proposals set out in the present report take the form of an indicative National Programme, based on a series of thoroughly-documented assumptions. This presents a practical operational approach, offering a prompt start-up through an operational model and also providing a methodology for adjustment and further refinement. It there-

fore constitutes a first step in a collaborative consultation process that UNDP Bulgaria hopes will result in the formal adoption of the programme in the near future. The proposals conform to what UNDP Bulgaria believes should be the appropriate direction and scale in addressing such a challenging and complex issue as living conditions of the Roma population. UNDP has the mandate both globally and in Bulgaria to assist Governments in addressing the issues of the most deprived and poorest segments of the population – which in the case of Bulgaria are the Roma people. Roma in Bulgaria and in Europe are some of the most disadvantaged in terms of jobs, education, health and living conditions. The key to solving these issues is partnership – partnership on the side of the government at the policy level – partnership on the side of municipalities in terms of implementation – partnership on the side of people themselves. But partnership also entails responsibility – responsibility at the level of government, in terms of consistent policies, resource allocation and management – responsibility at the level of municipalities, in terms of sustained commitment, equitable planning and implementation – responsibility at the level of the people in the communities, in terms of direct participation in decision-making and contributions in both human and in financial terms.

It is precisely these two principles – of partnership and responsibility – that UNDP Bulgaria believes should be the two key approaches with respect to improving the living conditions of Roma people – approaches that form the core of the proposed indicative National Programme. These two principles are also closely linked to participation and direct involvement of the communities at all stages in the development process.

Within the framework of the new social policy of the Government of the Republic of Bulgaria, the proposed indicative National Programme which is time-bound (10 years from 2005 to 2015), with specific components, responsibilities and resources attached concurrently aims to significantly develop social capital by actively involving the people in the improvement of their own lives and by strengthening partnerships across communities, civil society, private enterprise, municipalities and national government.

Neil Buhne

UNDP Resident Representative



ABBREVIATIONS

ACHR	Asian Coalition for Housing Rights
ADRA	Adventist Development and Relief Agency
ALMI	Active Labour Market Initiative
BNB	Bulgarian National Bank
CBO	Community-Based Organisation
CEB	Council of Europe Development Bank
C.E.G.A.	Creating Effective Grassroots Alternatives
CFCU	Central Finance and Contracting Unit
CIDI	Community Infrastructure for Development Initiative
CODI	Community Organisations Development Institute
DEDI	Directorate “Ethnic and Demographic Issues”
DLP	Detailed Layout Plan
EAGGF	European Agricultural Guidance and Guarantee Fund
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FIFG	Financial Instrument for Fisheries Guidance
GDP	Gross Domestic Product
WHO	World Health Organisation
IFC	International Finance Corporation
IMF	International Monetary Fund
IOM	International Organisation for Migration
ISPA	Instrument for Structural Pre-Accession
ILO	International Labour Organisation
JOBS	Job Opportunities through Business Support Project
LED	Local Economic Development
LTFA	Local Taxes and Fees Act

MDM	Médecins du Monde
MLSP	Ministry of Labour and Social Policy
MPA	Municipal Property Act
MRDPW	Ministry of Regional Development and Public Works
NCEDI	National Council for Ethnic and Demographic Issues
NCCEDI	National Council for Cooperation on Ethnic and Demographic Issues
NCDA	National Community Development Agency
NGO	Non-Governmental Organisation
NSI	National Statistical Institute
PATH	Positive Action for Training in Housing
PER	Project for Ethnic Relations
RBEC	Regional Bureau for Europe and the Commonwealth of Independent States (CIS)
SAPARD	Special Accession Programme for Agriculture and Rural Development
SDA	Spatial Development Act
SIEP	Social Investment and Employment Promotion Project
SME	Small and Medium Enterprises
SPA	State Property Act
SPARC	Society for Promotion of Area Resource Centers
TEN	Trans-European Transport Network
TUGI	The Urban Governance Initiative for Asia Pacific region
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

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SYNOPSIS

The Current Situation

Living conditions

In common with other countries in Central and Eastern Europe with significant Roma and other ethnic minorities, Bulgaria faces significant challenges in terms of social equity and inclusion of the Roma community. Recent regional surveys¹ indicate persistent poverty levels within minority groups and an increasing gulf between conditions among these groups and those among the majority. These survey results point to a growing socio-economic and cultural exclusion of Roma communities across countries in Europe.

Of those Roma surveyed in Bulgaria 71% in urban areas and 83% in rural areas view themselves as poor or living in misery. As many as 82% consider lack of sufficient incomes as the highest level of threat. Some 87% of Roma households live at or below the poverty line of BGN 102 per month². Life expectancy for the Roma in Bulgaria is on average 5 to 6 years lower than other ethnic groups. Roma infant mortality is twice the national average. Although Roma in Bulgaria have a sedentary lifestyle, most do not own land or have regular jobs. Over the past 15 years of the country's political and economic transition, they have been increasingly marginalised and have developed a tendency to consolidate and withdraw from general society. Adult illiteracy has doubled and between 60% and 80% of the Roma face permanent unemployment. Poverty and poor psychological and physical health erode the family structure. Social scientists predict the emergence of an underclass leading to severe social exclusion.

In addition to the approximately 370,000 Roma recorded in the 2001 census, a further 350,000 persons share socio-cultural characteristics that are close to those of the Roma community but such that they nevertheless identify themselves as Turks, Bulgarians or Roma. A positive trend is the increase of around 11% in the self-identified numbers of Roma in Bulgaria's national statistics due not to population increase but to a new open and self-confident acceptance of their ethnic identity. Although overall illiteracy has not fallen, there is an increase in completed secondary and higher education. There is now a much more open debate on attitudes towards the Roma and on integration policies.

There are widespread, significant variations in the data on the Roma population, on dwelling units and on the extent and form of illegal status both within cities and within circumscribed neighbourhoods. The differing figures depend on who is providing the information. Authorities tend to rely on the 2001 census where there was a degree of Roma under-enumeration due to ethnic self-identity issues. The NGOs and communities rely more on up-to-date local knowledge which invariably leads to higher population estimates. However, there is a consensus that for effective planning and programming, the scale of the challenge must be better understood and that this calls for a commonly-agreed, more accurate set of estimates of both the current and projected future situation.

In consultations with officials, NGOs and Roma communities, priorities are usually stated as being secure employment and equal opportunities in education. There are nevertheless at the front of many residents'

¹ November 2001 survey for the UNDP/RBEC Regional Human Development Report "The Roma in Central and Eastern Europe: Avoiding the Dependency Trap"; October 2004 Vulnerability Profiles Survey for the UNDP/RBEC "Faces of Poverty, Faces of Hope: Vulnerability Profiles for Decade of Roma Inclusion Countries", 2005.

² The poverty line of BGN 102 was calculated by the Ministry of Labour and Social Policy (MLSP) and the National Statistical Institute (NSI) in 2004 following a multipurpose household survey conducted by the NSI under a World Bank grant and following the World Bank poverty mapping methodology. Under this methodology the poverty line was set at BGN 102 of equalised monthly expenses per person. Taking into consideration that the average number of persons per Roma household is 4.8 persons (calculated on the basis of survey data from the UNDP/RBEC Regional Human Development Report "The Roma in Central and Eastern Europe: Avoiding the Dependency Trap") and the BGN 102 poverty line, UNDP Bulgaria has calculated that 87% of Roma households fall at or below this poverty line (the poverty line per Roma household using the BGN 102 equalised monthly expenses per person has been calculated at BGN 490 per month per Roma household).

minds immediate concerns about living conditions and especially the problems of deteriorating municipal services and the affordability of utilities. Living conditions among the Roma and closely affiliated minorities in Bulgaria are clearly deteriorating. Overcrowding within the dwelling and increases in overall population densities are contributing to extreme stress on service delivery with the resultant impacts on public health and welfare (due to poor sanitation in Roma neighbourhoods and the associated health hazards for the population) and on the physical environment (due to poor infrastructure and street networks, the predominance of shanty dwellings and the ghettoisation of Roma neighbourhoods as slums).

A clear distinction may be made between the level of service provision or “urbanisation” of Roma dwellings and the housing stock as a whole. Roma neighbourhoods are characterised on the basis of two groups of buildings: those supplied with electricity only and those supplied with water supply and electricity but without a sewerage network. In one extensive survey, 92% of urban dwellings including those of the Roma had the full range of services, while for the Roma alone this was 46%. Such figures, however, usually conceal irregular operation and in some cases damaged and unusable services.

Significant shifts in household sharing and locational preferences are discernible. Overcrowding within the dwelling among extended family households is causing extreme social stress. Privacy for parents and teenagers and between nuclear families making up a combined household is becoming a crucial need. The requirement for a little undisturbed home study time and space for students was strongly expressed as more and more Roma children and youth become integrated within mainstream schooling. Separated living space for young couples was also a high social priority. Many newly-formed households prefer to be located away from the extended family. Traditional support systems embedded in collective family living arrangements are apparently becoming less important, although some young couples seem to prefer to stay within the same neighbourhood as their families but in a completely separate dwelling.

There is widespread evidence of a lively informal housing market among the Roma alongside an increased concentration of the marginal minority groups particularly on the urban peripheral areas, where the process of social exclusion also takes the form of spatial

segregation. House construction (whether improvements or new dwellings on the periphery) is prevalent, although there are severe constraints in access to land and examples of temporarily halted construction work suggesting insecure flow of resources.

Surveys also record around 25% of Roma housing as without legal status, although without clear criteria this is likely to be grossly underestimated. Especially among central and local government officials, legalisation is considered as the most critical obstacle to the integration and development of Roma neighbourhoods. Up-to-date cadastre mapping with accurate property registration is rare. Many of the locations have no formal Detailed Layout Plans (DLPs) and where available, there is evidence of widespread non-compliance.

The living conditions of the Roma and the opportunities for improvement are embedded within a general housing context, in which many aspects are far from favourable. This overall national situation is characterised by: limited affordability with no more than 10% of households able to buy at the current market prices or rent privately; poor management and maintenance of both public and private housing stock; an extremely high level of private ownership leaving little flexibility for the public sector to influence the low-income rental market; dwelling typology dominated by prefabricated panel block apartments; very high levels of energy consumption owing to poor thermal insulation; a surplus of dwelling units over the number of households leading to a high vacancy rate due to population movements and the subsequent low demand for housing in “unattractive” locations with lack of services and very poor physical conditions; access to services but low quality and poor reliability. The 2004 National Housing Strategy (adopted by the Council of Ministers on 14 May 2004) is designed to comprehensively confront these problems and an opening was provided for the subsequent formulation of a specific Roma housing programme. The proposed indicative National Programme has been formulated in line with this specific opening.

Housing Finance and Implementation Arrangements – National Government and Local Government

Investment in housing in 2003 represented less than 1% of GDP but the proportion has increased since 2001.

Within the construction sector, investment in housing represented more than half. This housing development is predominantly in the private sector with the share of public investment for housing accounting for just over 10%. Outlays of national government for housing, planning and the environment have averaged about 4.5% of total budget outlays, but the proportion is higher in the more recent years. Figures show that capital expenditure for housing is decreasing as government reduces direct subsidies and sees housing more as a private sector initiative. Municipalities have very little surplus that could be used for capital investment and what expenditures they make will generally be financed through national government transfers. They can borrow for capital expenditures but the nature of Roma housing is that it is only partially recoverable and would not therefore be appropriate for debt financing, at least in its early or pilot stages of development. Municipalities, however, hold land and are responsible for the provision of basic services and infrastructure.

Currently, there is no law in Bulgaria that prescribes national government funding support for housing. Instead there are three committed funding lines/allocations of the national government for housing purposes in compliance with the State Budget Act of the Republic of Bulgaria. There is no other direct assistance to the housing sector. Furthermore, the National Housing Strategy of 2004 does not prescribe funding arrangements for municipal housing programmes. Under the Strategy, local governments are tasked with: “building local rental housing for households with proven housing needs and low income” and “building the key elements of the social and engineering infrastructure”.

The importance of lack of income among the Roma is clearly indicated in surveys. Results show that low incomes of the Roma community severely limit affordability and their purchasing power, that about 85% of households cannot afford a modest completed dwelling unit and that to purchase an even basic house, financial support is essential. In general, the major commercial banks are unlikely to be willing partners for lending to the Roma community for house purchase, since they often have been considered to be non-bankable.

Bulgarian legislation does not charge the state with any direct responsibility to build housing and to accommodate those whose housing need has been demonstrated. It is the municipality that is charged with core responsibilities in resolving citizens’ housing problems. Although not sufficiently exercised, also due to the lack of appropriate financial resources for capital investment as outlined above, the powers granted to municipalities in terms of the conduct of urban development policy and property management, provide for specific conditions and particular features to be taken into consideration. Legislation opens an opportunity by means of the introduction of alternative rules and standards to allow a legal deviation to meet the special needs of Roma neighbourhoods³.

The proposed indicative National Programme

Objectives and scope

As already mentioned, the proposed indicative National Programme has been formulated in line with the opening provided within the National Housing Strategy for the formulation of a specific Roma housing programme. The overall objective of the proposed indicative National Programme is to make a major contribution to poverty reduction and social inclusion at the national level through raising living standards and generally improving the quality of life among the most disadvantaged urban communities. Within the framework of the Government’s new social policy, the proposed programme concurrently aims to significantly develop social capital by actively involving the people in the improvement of their own lives and by strengthening partnerships across communities, civil society, private enterprise and public administration. Apart from the direct benefits in terms of improved living conditions through upgrading existing neighbourhoods and supporting the provision of new housing, this programme will be expected to have positive impacts on health, security, productivity and on community and household investments.

The priority given to urban areas takes account of the effects of the severely deteriorating conditions on the

³ Specific analysis and recommendations on the legal framework for housing with reference to the proposed indicative National Programme are provided in detail in Annex 4.

quality of life in the target communities and also on the wider urban population. The problems of poorly serviced, unregulated, congested and environmentally hazardous settlements are more extreme and complex in the country's urban sector and the issues of cultural, economic and legal integration within the overall social and physical environment of towns and cities are considerably more challenging than in the rural areas. Recognising the predominance of the Roma people in urban low-income neighbourhoods and the particularly critical conditions of their housing and public services, the proposed programme will have a special focus on this ethnic minority.

The objective in terms of the intended scope of the programme is to address the dwelling and its physical and social infrastructure together with the required organisational, financial, planning and legal support systems. In this way, housing is perceived not just as a fixed physical asset or transferable investment product but as a broadly-defined complex process linking household formation and the supply of dwelling units to poverty reduction, economic stimulus and good governance. Policy-making and programming for housing will accordingly need to involve a wide range of developmental responsibilities at state, municipality and community levels. This in turn calls for inter-ministerial arrangements involving innovative techniques for a high degree of sectoral integration. Housing is thus where many key development elements come together at both the user and producer levels and where powerful synergies for poverty reduction can therefore be exploited.

Specifically, the proposed programme will scale up individual initiatives currently addressing housings, physical infrastructure (urbanisation), legalisation and employment generation among disadvantaged ethnic minorities in order to reach all the target urban communities throughout the country over a period of 10 years from 2005 to the end of the Roma Inclusion Decade in 2015. The direct beneficiaries and participants in the programme will accordingly be the population living in the predominantly Roma neighbourhoods, which account for around 412,500 persons making up 85,900 households in around 100 neighbourhoods among 88 towns and cities out of the estimated present total urban and rural population for Roma and affiliated minority groups of 750,000.

As an integral part of the National Housing Strategy the proposed programme is designed to contribute to impacts across this broad interlocking set of elements, leading to long term sustainable improvements in the living conditions of the urban population as a whole. For the immediate target group throughout the predominantly Roma neighbourhoods, this first programming scenario comprises the following set of expected capital investment outputs: upgrading of infrastructure in existing neighbourhoods, directly benefiting around 43,000 households; access for around 21,000 households to construction material loans for dwelling improvements; support for the construction of new dwellings to meet the needs of newly formed households, to reduce overcrowding and facilitate legalisation, benefiting around 47,000 households; and access to small business loans for around 14,000 borrowers. In addition, allocations are made for the renovation and new construction of health, education, recreational and public administration facilities.

The proposed programme has the added value of providing an instrument for synchronising current and planned initiatives having a similar target population and sectoral range, such as project "Urbanisation and Social Development of Areas with Predominant Minority Populations" (EU Phare 2002 funding with national co-financing and UNDP support) implemented by the National Council for Cooperation on Ethnic and Demographic Issues under the Council of Ministers, as well as the applicable activities under the EU Phare 2004–2006 Multi-Annual Project "Improvement of the Situation and Inclusion of the Disadvantaged Ethnic Minorities with a Special Focus on the Roma". Looking towards the near future, it will serve a similar purpose for the expected post-accession investments. It will also act as a forceful donor coordination tool, avoiding fragmentation and assisting in operationalising parallel initiatives such as the relevant provisions of the National Action Plan of the Roma Inclusion Decade.

Approach

The proposed programme at the present stage is indicative, being based on an early set of assumptions leading to a first fully developed scenario. Although subject to an exhaustive review among all stakeholders at state, municipality and neighbourhood levels, it nevertheless serves the purpose of providing a broad-based

foundation for informed decision-making and of demonstrating a complete programme composition alongside a comprehensive projection of resource needs for country-wide scaling up over a fixed time period.

Preconditions

The scope and complexity of the proposed programme requires that a prompt decision be made on the state level management and coordination responsibilities together with the distribution of executing roles between state and municipality levels. A further decision is needed on the role of NGOs as intermediaries. Taking account of the low and insecure incomes of the target households with an estimated 87% at or below the poverty line of BGN 102, it is required that an increased and more focused effort be made towards local economic development among the target communities within the context of regional and urban economic growth. The programme itself would contribute but cannot on its own make sufficient impacts. Failing these major efforts, neighbourhood improvements will not be sustainable without large-scale subsidisation, leading to the very real risk of slum conditions persisting as communities consolidate and expand. A decision is required to be made at state level on the recommendations made by the programming team's legal advisers concerning the options within the current legislation and regulations for discretionary powers at municipality level for adjusting the planning and building standards to meet the special needs of the target neighbourhoods. Without such an initiative, which may involve minor legal amendments, the process of legalisation among the target neighbourhoods is very likely to remain ineffective with little progress made on regulating the existing situation and on guiding and controlling expansion.

Principles

The upgrading of existing neighbourhoods constitutes the optimum approach through redressing infrastructure inadequacies, improving the quality of the dwellings within a regulated layout, providing secure tenure and involving the absolute minimum of demolition and resettlement. This reduces social disruption and the loss of household investments in dwellings and minimises the need for external resources and for ad-

ditional land areas. Where support for additional dwelling construction is required in order to accommodate unavoidable resettlement and meet the needs for reducing overcrowding within dwellings and for newly formed households, close collaboration with the future occupants on affordability and user requirements ensures household satisfaction and willingness to contribute resources.

- For severely disadvantaged, low-income households some repayment, no matter how modest, encourages a culture of cost recovery, but the programme will need to depend on subsidies or grants as a major source of funding, based on the approach of demand-side direct grants for households with demonstrated needs rather than supply-side subsidies on prices and interest rates.
- Programme support systems for building capacities, commitments and motivation for participation, organisation, legalisation, implementation and information, ensures high performance in achieving investment targets while at the same time being justifiable as stand-alone components for developing social capital as a key national asset.
- The role of the public sector as an enabling agent, facilitating access to land, financing and technical assistance and ensuring a supportive legal framework, promotes beneficiary participation and initiative and builds confidence and trust on all sides.
- Accepting and respecting the role of the communities as equal partners in problem identification, design, local resource mobilisation, implementation, management and monitoring constructively complements the role of the public sector.
- Comprehensive coverage, involving linkages to health, education and economic development, exploits inter-dependencies, but community-specific priorities and entry points need to be respected.
- Participatory community-based development promotes self-sufficiency and ownership, but building strong external partnerships and working towards inclusion within the wider urban multi-ethnic population are vital parallel activities.
- Area-based development (using geographically defined low-income neighbourhoods as the development unit) facilitates beneficiary identification and the integration of inputs within communities with shared problems, regardless of the diverse subgroupings and ethnic origins of those living in the

neighbourhood, but at the same time this requires the recognition of inter-dependencies within the overall physical urban context.

- Savings and credit schemes play a major role in poverty reduction and self-reliance through generating financial assets while at the same time developing management, accounting and investment skills. The collective and cooperative process in which group savings schemes are embedded also strengthens community organisations, provides a framework for participation, encourages accountability and promotes more responsible leadership. In this way, microfinance that is owned and driven by communities themselves is a significant step towards integration with the formal finance sector and may be seen as more than just delivering credit to the poor, but also as a vital national development mechanism.
- Building on relevant good practices, particularly from case studies among the disadvantaged minorities in Bulgaria, provides a sound basis for programme formulation through exploiting known solutions with proven operational experiences and actual costs. Such practices, where still in progress, also provide opportunities for immediate actions to initiate the programme alongside emergency projects and priority activities to kick-start the programme support systems.

Method

The proposed indicative National Programme is generated by a complex set of assumptions leading to the costed components which make up the inputs for the programming model. The methodology was designed to rapidly produce results based on the maximum use of existing survey data, some of which were published while the work was in progress.

Quantified assessments of existing conditions and needs depended mainly on interpretations and assumptions using the 2003 Background Survey on Urbanisation and Housing in Roma Neighbourhoods. A sample of 88 predominantly urban locations (towns and cities) was selected by this survey out of 161 municipalities with 2001 census populations of over 10, 000. Within these 88, the Roma population was 177,928 using the self-identification census numbers. The programme assumes that these 88 locations account for

the bulk of the programme target of 412,500 persons or 85,900 households within the current national total of 750,000 persons after adjustment for self-identification. This survey did not estimate the numbers of separate identifiable Roma neighbourhoods within these locations. Further, more in-depth material was obtained by the survey from 14 case study locations chosen from the total of 88. Based on the information from these case studies, the programme targets 100 separate neighbourhoods throughout the 88 towns and cities. The Background Survey data relating to dwellings and infrastructure needs was grossed up to meet the programme target of 85,900 households. It was assumed for the programme that household size is equivalent to the number of persons per dwelling and therefore that there is no significant sharing of dwellings by separate Roma households.

On advice from the National Statistical Institute, it was assumed that the 55% urban share of the Roma population in 2001 remains constant over the programme period, that natural increase would also remain constant and the urban household size of 4.8 (from the 2001 survey for the UNDP/RBEC Regional Human Development Report) would fall to 4.0 over the programme period. Roma income distribution was calculated mainly using data from this regional survey.

To allow for maximum flexibility in the design of the housing programme, a financing model was set up as an Excel workbook. This enabled alternative estimates to be made and refined as more data became available. The model has been designed so that the user can change the basic assumptions relating to programme components, their cost estimates, phasing of expenditures and financing sources. Inputs are possible, where appropriate, for base costs, design, supervision and contract management, physical contingencies and value added tax (VAT). Total cost estimates, including these items, were then phased over the 2005 to 2015 period. The costs were also computed in current prices through the addition of price contingencies with an estimated inflation rate applied for each year.

Structure

The proposed indicative National Programme has a twin structure composed of a set of five capital investment components and five support components:

Capital Investment Components		Support Components	
C.1	Physical infrastructure upgrading	S.1	Mobilising community-based organisations
C.2	New housing	S.2	Capacity-building and partnership development
C.3	Housing materials loans	S.3	Land and property management
C.4	Small business loans	S.4	Neighbourhood local economic development strategies
C.5	Social facilities	S.5	Information systems

With the exception of C.3, each of the capital investment components builds on previous and current projects while adopting principles, standards and unit cost rates applicable for a country-wide scaling-up objective. The support components are all activities that are customised to suit the specific characteristics and scale of the investment components. However, even without the proposed programme they would be justifiable as important stand-alone components for national urban development interventions within the current less integrated, more sporadic project framework.

Under Component C.2, five housing models have been offered, providing a range of options linked to affordability, varying from 20m² to 87m² floor areas and from BGN 11,998 to BGN 41,650 (all-in capital costs at end 2004 prices inclusive of design, supervision, contract management, contingencies and VAT). These options are used for exploring the varying capital investments with their equivalent housing standards and costs that correspond to the levels of affordability across the Roma income distribution. In order to illustrate this programming methodology in terms of actual designs, the five dwelling types have been either selected from current house types for new Roma housing or adapted from these types. It should be noted that these five options represent just one way of reflecting the range of costs with the corresponding affordability. They are not therefore recommended as the actual designs that must be applied in the programme.

Cost estimates and financing

The total programme is estimated to cost BGN 1.26 billion (Euro 0.64 billion). Capital investments account for 99% of the total programme representing BGN 1.24 billion (Euro 0.63 billion). The support components, in aggregate, make up the balance of 1% or BGN 17.6 million (Euro 9.0 million). The largest component within the capital investments relates to new housing, which comprises 71% of the total programme or al-

most BGN 900 million (Euro 450 million). Physical infrastructure upgrading is the second largest component representing 14% of the total programme or just under BGN 180 million (Euro 91 million).

The overall programme financial plan includes estimates in both BGN and Euro. The largest source is the national government, which under the assumptions listed earlier, would contribute almost 40% of the capital investment requirements for the programme representing about BGN 470 million. The European Union (EU) follows with almost 30% or BGN 340 million. The contribution of the municipalities is just over BGN 200 million or 17% of the programme. However, of this amount, an estimated BGN 27 million represents the value of municipal land required for the housing programme and the social facilities. International assistance (World Bank, EBRD, bilateral funding, for example) has been estimated to be just over BGN 100 million or about 9% of the total investment required. Banks and non-bank financial institutions would directly finance about 6% of the programme (BGN 80 million).

The financing from the banks does not include the amounts of mortgage finance that would need to be provided once appropriate lines of credit are set up for the provision of loans to purchase houses built under the programme. An estimate, however, has been made. Almost BGN 400 million, or nearly one-third of the total investment, could be financed in this manner. Once credit arrangements have been set up and financial institutions encouraged to support the programme, the financing requirement of the national government would be reduced by a similar amount, since direct payment in cash would be possible for the housing units sold. Hence over the long-term, the contribution of the national government could be reduced to that required for the capital subsidies proposed for households purchasing the self-build starter dwellings and the cost of the transition units. This amounts to about BGN 270 million.

Estimates of national and local government funds for the programme are fairly modest when set against the projected resources and capital programmes of the national government. Indicative projections of national government capital outlays have been made along with assumptions regarding the capital transfers to municipalities. High and low projections were made. The results show that the direct national government financing requirements average about 1.4% to 1.8% of the projected total national government capital outlays. For municipalities, the requirement is between 0.6% and 1.0% of projected transfers to local governments.

Estimates have been made by the government on the amount of funds that are likely to be available from the EU structural funds for new members during the early post-accession years of 2007 to 2009. An average of about BGN 1,000 million is estimated to be available each year. Programme financing requirements indicate an average annual amount of about BGN 34 million from EU sources. This represents only about 3.4% of total funds likely to be available. Clearly, the estimates, although substantial, are within likely resource availability.

Implementation arrangements

Successful implementation for such a comprehensive, time-bound programme will depend very much on the principle of creative, mutually-supportive partnership across all sectors, between central and local government and particularly between the Bulgarian majority and the targeted minority group. For this reason, the Support Components have special significance. Without strong, well-informed communities working in close partnership with the authorities and linked to country-wide learning networks, there will be severe risks of interventions that are top-down, poorly understood, mis-targeted, fragmented, unaffordable, and ultimately disowned.

Central government

In both the spirit and letter of Bulgaria's decentralisation policy, the role of the centre is seen as being essentially that of a coordination and enabling agent, providing the necessary policy direction and national-level and external resource mobilisation, and acting as prime mover and facilitator of key innovations such as

the required legal adjustments within the Spatial Development Act and its constituent regulations.

Given this role, a critical issue concerns the form and powers of a central programme management body that would be fully representative of all stakeholders, strike the balance between enabler and direct executive authority and have the necessary technical and administrative capacity.

Careful consideration will need to be given to the central role of the Ministry of Regional Development and Public Works (MRDPW), which has the national responsibility for housing and physical planning and for implementing the National Housing Strategy, through the MRDPW Physical Planning Directorate and the Housing Sector under the State Property and Housing Policy Directorate. This role will need to take account of the importance of minority inclusion in housing and the integration of the proposed indicative programme with the other "operational programmes" within the National Housing Strategy.

A further issue is that of the present capacity of the newly-established Directorate on Ethnic and Demographic Issues within the Council of Ministers Administration. Although an enlarged staffing is a significant part of the reforms, much needs to be done in terms of capacity-building, administrative and skills training, currently foreseen to be supported by UNDP.

Municipalities

Local government as embodied in the municipalities is seen as having the core public sector implementing role. Clear demarcation of authority and of lines of command will however need to be established, in particular with respect to delegation of discretionary legal powers relating to the design, revision and enforcement of the DLPs. A strengthened role for the National Association of Municipalities will need to be considered, both as a programme representative body at the centre and a programme networking instrument.

NGOs

Roma NGOs are already playing a vital role in a broad range of activities. Several have achieved major gains

in establishing sound, sustainable working relationships with both state and municipal authorities. The proposed indicative National Programme will provide a timely and wide-ranging opportunity to mainstream this role and fully exploit this major resource. Support Components S.1 “Mobilising community-based organisations” and S.2 “Capacity-building and partnership development” will support the NGOs in their role of building effective community-based organisations and of consolidating their representation at the centre through the establishment of an NGO coalition and strengthening country-wide networking.

The communities in their neighbourhoods

If the programme is properly implemented with participation and enablement as the guiding development principles, the communities themselves will be equal partners with the municipalities in decision-making, execution and management. As direct beneficiaries, the communities will also have a key and increasing role as resource contributors in cash and in kind.

Operationalising the proposed indicative National Programme

An Operational Model of the proposed indicative National Programme which can be tested in one location (Iztok neighbourhood, Pazardzhik), as well as a selection of pilot demonstration projects supporting the kick-start of the proposed indicative National Programme (2005–2007) have been developed. In addition to these, an effective operationalisation of the proposed indicative National Programme will require the Support Components to be launched in parallel to the pilot demonstration projects.

Several criteria were adopted in the development of the Operational Model and the selection of pilot demonstration projects:

- There should be the ability to move quickly with evidence of existing support at state, municipal, NGO and community levels, thereby minimising risks and ensuring timely implementation.
- Implementation resources should be either currently accessible or, failing this, reliable alternative opportunities should be able to be confidently identified.

- The pilot demonstration projects should address at least one critical aspect of the development of Roma neighbourhoods, the results of which would underpin the continuing refinement and adjustment of the programme.
- The pilot demonstration projects should be an idea or activity already being discussed and possibly even already initiated within the community and/or the associated NGO, such that a lengthy participation process to introduce and develop the proposal would not be required.

Operational model of the proposed indicative National Programme: Iztok neighbourhood, Pazardzhik

The Operational Model addresses a wide range of problems while building on a promising existing situation where there is full NGO and community support and a receptive municipality. It involves the completion of a planned and approved Roma housing area for which EU Phare projects have supported the construction of 11 houses together with associated infrastructure in the first phase (completed) plus the infrastructure only for the second phase (recently commenced under project “Urbanisation and Social Development of Areas with Predominant Minority Populations”, implemented by NCCEDI with UNDP support, funding from EU Phare and national co-financing). The local NGO “Napredak” Foundation is already formulating well-considered recommendations for self-help dwelling construction (linked to a material loans scheme) on the remaining vacant parcels in the first phase and in the second, third and fourth phases. In total there is sufficient land for a further 80 to 90 dwellings. The NGO also has plans for a community self-survey to initially identify eligible households for the new housing, but leading to a neighbourhood-wide self-census for the overall community of 16,000 to 20,000 persons. This offers a unique opportunity for piloting participatory, affordable new housing linked to a range of options for cooperative construction arrangements on land where the right to build provisions could be appropriately applied – either freely granted by the municipality to the beneficiaries or against a nominal cost.

Having extensive unplanned expansion on the periphery alongside deteriorating drainage and sewerage, the neighbourhood is in urgent need of a revised DLP to-

gether with the upgrading and extension of existing infrastructure. The ready-made opportunities for new housing will meet the resettlement priorities arising from the revised DLP and from overcrowding within the older, more consolidated areas. Pazardzhik already has recent satellite imagery and the municipality is negotiating with the supplier for updates. The UNDP-supported project JOBS for Roma, which targets this particular neighbourhood, provides existing resources and a management base for piloting a Neighbourhood Local Economic Development Strategy as proposed under the programme support components.

Selected pilot demonstration projects supporting the kick-start of the proposed indicative National Programme

The projects described below serve as pilot demonstrations supporting the kick-start of the proposed indicative National Programme in the period 2005–2007. They are designed to:

- Initiate important demonstration actions incorporating a range of capital investment and support components;
- Draw on existing opportunities for sources of finance within current projects and programmes;
- Undertake emergency activities where residents are at severe risk in terms of health hazards and security of tenure, and where the actions would also provide important replicability lessons;
- Lay the groundwork for the programme through commencing and testing the support components.

Lozenetz neighbourhood, Stara Zagora

In this neighbourhood of around 15,000 persons, a DLP extension has been carried out as part of a Phare project. The approved DLP adopts a socially-responsive and cost-effective approach which avoids large scale demolition and provides a new road pattern that is sensitive to the difficult terrain. For the sparsely populated section of the extension area a highly practical planning approach has been adopted, involving as the initial step only the establishment of street reserves. In this section there is currently little house building in progress but signs of gradual and growing

settlement, which is not happening in compliance with the plan. If firm, but socially-sensitive support is not offered through the municipality, the NGO and the community, a valuable opportunity for community-based legalised peripheral expansion will be lost. The proposal is to assist all the stakeholders to implement the DLP (with minor planning revisions where applicable) through a training and awareness-raising campaign, linked also to exploring effective ways of extending the electricity, water supply and sewerage networks. Provisional approval for this proposal has been received from the municipality.

Nadezhda neighbourhood, Sliven

This community, with a total of around 16,000 persons, includes a section housing the so-called “naked Roma”, which accounts for around 5,000 persons. These are considered by many as the most vulnerable and disadvantaged group in the country. An emergency sewerage project, initiated and funded by the municipality with an allocation of BGN 53,000, started in early 2005. The project covers the cleaning and rehabilitation of the existing network with some new branch lines. House connections are not included. The proposed pilot project will address major public health improvements through support to a community-based programme for the urgently needed connections and new branches, with parallel improvements to the water supply. The project will also involve the revision of the DLP in order to incorporate within the regularly laid out area of the neighbourhood a currently unplanned but partially sewered section. The international NGO Médecins du Monde (MDM) has commenced a neighbourhood mother and child health programme including household hygiene training. The proposal is to closely integrate the physical improvements with this social programme. This project has been provisionally approved by the municipality and by the community through the concerned NGOs.

„Cambodia” neighbourhood, Faculteta, Sofia

In this community a group of around 25 households is under immediate threat of eviction and dwelling demolition. Some are very poor female-headed households with insufficient resources to either improve their dwellings or relocate to meet the requirements of the

DLP. Emergency actions are called for in order to resolve the situation in ways that meet the needs from all sides and also serve as a demonstration approach. This is an outline proposal based on meetings with the community and the concerned NGO. Further discussions to establish preliminary feasibility and commitment are required with the Sofia Municipality and the Krasna Poliana Sub-Municipality.

Piloting the support components of the proposed indicative National Programme

Laying the groundwork in terms of ensuring a country-wide, inclusive and sustainable base for design, implementation and management of the proposed indicative National Programme is a vital first step. This will involve immediate preparations and a start by late 2005 on the complete set of support components. Assuming a prompt formal adoption of the overall framework of the proposed indicative National Programme followed by the establishment of a programme central management unit, concerted efforts on resource mobilisation for these support components will need to be initiated in the third quarter of 2005.

S.1. Mobilisation of community-based organisations and

S.2: Capacity-building and partnership development – the Roma–Lom Foundation

This NGO is considered by many as a national model and best practice for working with minority groups and other persons in need. It has also established a highly constructive, mutually-supportive and trusting relationship with the municipality. The Foundation operates over the north-west region and is well-positioned to provide outreach support through training and exchange visits over a broader national area. The proposal is to undertake early demonstration activities, assisting this outreach as a national networking process through supporting the application and adaptation of the Lom experience. An initial activity would be for this Foundation to collaborate with the Iztok community in Pazardzhik and the concerned NGO Napredak.

S.3. Land and property management

Decision-making at state, district and municipal levels on the budgeting, management responsibilities and prioritisation of the new and revised DLP programme (Component S.3: Land and property management) and capacity-building and partnership development (Component S.2: Capacity-building and partnership development). Immediate demonstration DLP activities have already been identified in the pilot projects of Stara Zagora, Sliven and Sofia outlined above.

S.5. Information systems

Satellite imagery

Taking account of the progress being made by the Plovdiv and Pazardzhik municipalities on the acquisition of satellite imagery, the completion of the negotiations with the Belgian supplier company with a view to seeking bilateral official assistance for country-wide urban coverage including the programme's target neighbourhoods.

Ethnicity Research Centre

Establishing an Ethnicity Research Centre within the National Statistical Institute to promote consistency, improve quality and coordinate all local, national and regional information. This proposal is in line with supporting demographic/socio-economic surveys in years 1, 4, 7 and 10 of the proposed indicative National Programme, aiming for 100% household coverage and targeting the 100 neighbourhoods, implemented by community activists and volunteers, coordinated and facilitated by 50 mobile teams drawn from the target population, training for the 250 team members and community support for the field activities—aided by the satellite imagery for up-to-date detailed base mapping. The Ethnicity Research Centre option could serve as an information gathering depot of neighbourhood, municipal, district and national information and for improved understanding of problems and opportunities, community self-awareness and programme performance tracking.