



Habitat for Humanity International

**REPORT
ON POVERTY HOUSING
in
Europe and Central Asia**

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April, 2004

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About This Paper

The primary purpose of this paper is to assess the state of poverty housing across the region of Europe and Central Asia. It combines brief thematic analysis with available country data, presented as key findings, detailed tables and graphs.

The paper covers 6 interconnected subjects and 48 countries, divided in 4 groups. The paper introduces the region of Europe and Central Asia, then focuses on Demographics, Economies, Poverty, Housing and Assistance issues. Although covering the whole Europe, some very small countries (Andorra, San Marino, Lichtenstein, Monaco) are not treated. Furthermore, as most of the international organizations are concentrated on developing/transitional issues and countries, the sub-region of Eastern Europe and Central Asia obtained much wider attention than developed Western Europe.

Definitions of indicators and abbreviations appear in the Annex section. In respect to the presentation, in the indicator tables countries are grouped and then listed in alphabetic order. To locate a country in the tables, refer to the Notes on grouping/classification.

Notes on grouping/classification

On a global level, there are several kinds of classification of countries: by major world aggregates, by region, by human development level and by income. These designations do not necessarily articulate a judgment about the development stage of a particular country or area. Instead, they are classifications used by different organizations for operational purposes.

Major world aggregates classification. The three global groups are developing countries, Central and Eastern Europe and the CIS (transitional countries) and OECD countries (developed or industrialized).

Regional classification. Developing countries are subdivided into the following regions: Arab States, East Asia and the Pacific, Latin America and the Caribbean, South Asia and Sub-Saharan Africa. An additional group has been formed from the least developed countries, as defined by the United Nations.

Human development classification. All countries are classified into three clusters by achievement in human development: high human development (with an HDI of 0.800 or above), medium human development (0.500–0.799) and low human development (less than 0.500).

Income classification. Broadly distinguished indicator of economic development is GNP per capita. Economies are classified into three categories according to income. The classification used in this paper has been updated to reflect the World Bank's current

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operational guidelines. The GNP per capita cutoff levels are as follows: low income of 755 USD or less in 1999; middle income of 756–9,265 USD; and high income of 9,266 USD or more. A further division at 2,995 USD is made between lower-middle-income and upper-middle-income economies.

As mentioned above, the European and Central Asian countries in this paper are classified in four groups:

Group A: Western European countries, which includes 15 EU members plus Iceland, Norway and Switzerland. All of those countries belong to the High-income group and are members of OECD (except Iceland).

Group B: Central and Eastern Europe countries (formerly centrally planned economies) plus Cyprus, Malta and Turkey. These are classified as EU accession countries and their income ranges from Middle to High.

Group C: Western Balkans, also formerly centrally planned economies, without the status of EU accession countries. Their income belongs to the Middle Income Group.

Group D: Eastern Europe and Central Asia countries, which means CIS or the former Soviet Union republics excluding Baltic States. All of them are formerly centrally planned economies with income that ranges from Low to Middle.

Notes on sources

To allow comparisons across countries and partly over time, where possible the indicator tables in the paper are based on internationally standardized data, collected and processed by recognized international organizations or agencies. These bodies, whether collecting data from national sources or through their own surveys, synchronize definitions and collection methods to make their data as internationally comparable as possible.

However, the data produced by these agencies may sometimes differ from data produced by national sources, often because of adjustments made to harmonize data. In a few cases where data are not available from international organizations, other sources have been used - sometimes different sources for the same or similar indicator. All sources are clearly referred to in the text and below the tables.

Particularly, the tables in this paper reflect the continual efforts of many organizations to publish the best available data. They are retrieved mainly from annual or specialized reports, with a publication year that is clearly stated, although the data presented may correspond to the surveys from the previous or the most recent year.

While the paper incorporates innovations in many vital areas, in many other areas the challenges of measurement are just beginning to be explored. In employment, for example, only limited information is provided for developing countries because of the difficulties of measuring the true employment situation. In addition, as up-to-date survey and price data are not available for all countries, the quality of household surveys can vary considerably

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between countries and over time. Some country surveys yield income measures of living standards, while others yield consumption measures, and obviously - these two sources are likely to give different poverty estimates for the same population. Further, the international measure of poverty used here is a subject to error because of the difficulties of estimating PPP exchange rates. Despite these weaknesses, the estimates provide a fairly reliable view of poverty trends at the aggregate level, due to the substantial increases in the coverage of household surveys and in data accuracy over the past few years.

Poverty Housing in a Globalizing World

When looking at human settlements around the world today, there are noticeable gains in wealth, made possible by globalization. On the other hand, various alarming trends are of serious concern: in large regions, the number of poor people has increased and existing inequalities are only getting worse. The negative effects of spatial segregation and social exclusion are becoming more and more evident.

There is increasing evidence that current policies and programmes on human settlements in many countries do not effectively address urgent problems of access to adequate housing, infrastructure and basic services, as documented in the sections that follow. There is also greater recognition that many current developments are not only harmful to the poor, but also detrimental to general economic growth.

Measuring poverty

In the past, the development was measured in terms of GDP per capita; food security in terms of food availability; and poverty in terms of income deprivation. The contemporary human rights-based approach has broadened our understanding of poverty and development to also include deprivation in human capabilities, such as knowledge or living standards. In this context, access to basic services like water and sanitation, should be accompanied by inventive policies for economic and political participation.

Tackling poverty requires a sophisticated analysis of links between economic growth and poverty: what excludes the poor and what engages them in economic development as a mean to enabling their productive capacities. Still, meeting basic needs, such as minimum income, water or sanitation, is essential.

Extreme poverty declined slowly in developing countries during the 1990s: the share of population living on less than 1 USD a day fell from 28 percent in 1987 to 23-24 percent in the period 1997-2000, and the number of poor people remained roughly constant, as the population increased. The share and number of people living on less than 2 USD per day, a more relevant threshold for middle-income economies - showed roughly similar trends.¹

The global housing indicators

More than one billion of the world's urban residents live in inadequate housing, mostly in the sprawling slums and squatter settlements in developing countries.² During the past decade, the most significant trend has been the growing awareness of the relationships between human rights and sustainable development. In the field of shelter, this has led to a

¹ The World Bank Group, *Poverty Trends and Voices of the Poor*, 2001

² UNCHS, *The State of the World's Cities*, 2001

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declining abuse of human rights, such as mass forced evictions. Negotiation and participation are increasingly being engaged to secure the poor their rights to shelter.

The right to adequate housing is recognized by more than 70 percent of the world's countries.³ Almost all countries in the Asia-Pacific region promote housing rights in their legislation and the Arab States provide the greatest protection against eviction. One of the most far-reaching decisions that can be taken in promoting a sustainable shelter strategy, for example, is extending urban citizenship to the poor through granting secure tenure.

One of the most pressing problems of the 21st century is the lack of adequate housing in the cities of developing countries, and the cost of providing adequate shelter for all is immense. Yet, the cost of doing nothing may be even bigger, because the new urban slums are potential breeding places for social and political unrest.

The global housing stock in cities amounts to 700-720 million units of all types. It is estimated that 20 to 40 million urban households are homeless. A significant number of those housed, however, cannot be regarded as living in adequate shelter. Worldwide, 18 percent of all urban housing units (125 million units) are non-permanent structures, and 25 percent (175 million units) do not conform to building regulations.⁴ Most deficient housing units are found in the cities of developing countries.

During the 1990s, some developing countries achieved an improvement in urban housing conditions, although many were unable to cope even with current needs. The situation may become even worse, as in most countries the household sizes decrease and the number of urban households grows considerably faster. In the cities of developing countries, housing delivery systems need to cope with an annual additional demand of some 18 million units, amounting to an annual increase in housing stock of nearly 5 percent.⁵

While most developing countries focus on increasing the current housing stock, the main housing strategy in industrialized countries is revolving around conservation, renovation, and modernization of existing dwellings. Provision of social rented housing continues in many of those countries, and the priority in the allocation of grants and subsidies is given to NGOs and private suppliers, rather than to central or local government agencies.

The number of people living in inadequate shelter may be as high as 1.3 billion worldwide because most cannot afford otherwise. Acute shortage of adequate housing exacerbates the situation, as low supply tends to increase prices. Some 40-50 percent of urban residents in developing countries own their dwellings, and another 20-30 percent are legal tenants.⁶ Many cities also have large squatter settlements, where people rent rooms or whole units. In industrialized countries, the commonness of rental housing provides for a greater variety of demand and internal mobility. Nevertheless, some towns in the South have more than 70 percent of their housing stock as rental housing.⁷

³ UNCHS, *The State of the World's Cities*, 2001

⁴ Ibid

⁵ Ibid

⁶ Ibid

⁷ Ibid

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The median house-price-to-income and rent-to-income ratios serve as reminders of the differences between regions, countries and cities, but do not always reflect the wide variability in quality of the local housing stock. The house-price-to-income ratio is indicating the general level of excess demand in housing markets, and is often associated with reduced housing consumption and lower rates of home-ownership. Countries having particularly high house-price-to-income ratios also have high construction costs and high land prices, caused in part by tight regulatory environments affecting land use and housing construction, with complicated and time-consuming regulations.

Rent-to-income ratios are lowest in transition countries where public housing is still dominant. Rent-control measures may also contribute to the reduction of the rent-to-income ratio, but can also reduce rental housing supply. Countries with high demand pressure, usually due to high household formation rates and insufficient supply of rental accommodation, have higher ratios of rent-to-income.

People living in poor regions typically spend 30-40 percent of their incomes on rent.⁸ The ratio for cities in the developing countries is more than twice that of the cities of highly industrialized countries. Not surprisingly, the main trend is that the cost of housing relative to income is highest in the poorest regions. Examples also indicate that the relative cost is particularly high for the poorest groups. This is why the *UN Habitat Agenda* calls for Governments to take appropriate action to increase “affordability through the provision of subsidies and other forms of housing assistance to people living in poverty.”

KEY FINDINGS:

Highest rate of population living on less than 1 USD/day: Sub-Saharan Africa
Lowest rate of population living on less than 1 USD/day: Eastern Europe and Central Asia

Highest rate of population living on less than 2 USD/day: South Asia
Lowest rate of population living on less than 2 USD/day: Eastern Europe and Central Asia

Highest percentage of dwellings owned by occupants: Middle income countries
Lowest percentage of dwellings owned by occupants: Mid-high income countries

Highest percentage of units of public housing: Mid-high income countries
Lowest percentage of units of public housing: Middle income countries

Highest house price-to-income ratio in cities: Africa
Lowest house price-to-income ratio in cities: Highly developed countries

Highest house rent-to-income ratio in cities: Arab states
Lowest house rent-to-income ratio in cities: Transition countries

⁸ UNCHS, *The State of the World's Cities*, 2001

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POPULATION LIVING ON LESS THAN 1 USD PER DAY	Poverty rate (%)	Number of poor (mil.)
Regional grouping:		
1. Sub-Saharan Africa	46.30	290.87
2. North Africa and Middle East	7.32	20.85
3. South Asia	39.99	522.00
4. East Asia	15.32	278.32
5. Latin America	15.57	78.16
6. Eastern Europe and Central Asia	5.14	23.98
TOTAL	24.27	1214.18

Source: World Bank, *Global Poverty Monitoring*, 2002

POPULATION LIVING ON LESS THAN 2 USD PER DAY	Poverty rate (%)	Number of poor (mil.)
Regional grouping:		
1. Sub-Saharan Africa	78.0	489.3
2. North Africa and Middle East	29.9	85.4
3. South Asia	83.9	1,094.6
4. East Asia and the Pacific	48.7	884.9
5. Latin America and the Caribbean	31.7	159.0
6. Eastern Europe and Central Asia	20.7	98.2
TOTAL	56.1	2,811.5

Source: World Bank, *Poverty Trends and Voices of the Poor*, 2001

HOUSING QUALITY	Floor area per person (sq. m.)	Persons per room	Permanent unit structures (%)	Dwellings with water connected (%)
Income grouping, cities in:				
1. Low-income countries	6.1	2.47	67	56
2. Low-middle-income countries	8.8	2.24	86	74
3. Middle-income countries	15.1	1.69	94	94
4. Mid-high-income countries	22.0	1.03	99	99
5. High-income countries	35.0	0.66	100	100

Source: UNCHS, *Global Report on Human Settlements*, 1995

PROPORTION OF SLUM DWELLERS IN URBAN POPULATION	Non-slum population (mil.)	Slum population (mil.)	Slum dwellers in urban population (%)
Regional grouping:			
1. Sub-Saharan Africa	231	166	72
2. South-central Asia	452	262	59
3. Eastern Asia	533	194	36
4. Western Asia	125	41	33
5. Latin America and the Caribbean	399	128	32
6. South-eastern Asia	203	57	28
7. Northern Africa	76	21	28
8. Oceania	2	0.5	24
9. Europe	534	33	6
10. Other developed	367	21	6

Source: UNHSP, *Global Report on Human Settlements*, 2003

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HOUSING TENURE	Units owned by occupants (% of dwellings)	Units of public housing (% of dwellings)	Unauthorized housing stock (% of total)
Income grouping, cities in:			
1. Low-income countries	33	13	64
2. Low-mid-income countries	52	11	36
3. Middle-income countries	59	14	20
4. Mid-high-income countries	55	53	3
5. High-income countries	51	13	0

Source: UNCHS, *Global Report on Human Settlements*, 1995

HOUSING AFFORDABILITY	House price-to-income ratio in cities	House rent-to-income ratio in cities (%)
Regional grouping, cities in:		
1. Africa	12.5	39.5
2. Arab states	10.9	45.4
3. Asia and the Pacific	11.3	34.4
4. Highly developed countries	5.4	19.1
5. Least developed countries	5.8	31.4
6. Transition countries	6.8	18.2

Source: UNCHS, *The State of the World Cities Report*, 2001

GOVERNMENT EXPENDITURES ON WATER SUPPLY, SANITATION, DRAINAGE, GARBAGE COLLECTION, ROADS AND ELECTRICITY	Per person (USD)
Income grouping, cities in:	
1. Low-income countries	15.0
2. Low-mid-income countries	31.4
3. Middle-income countries	40.1
4. Mid-high-income countries	304.6
5. High-income countries	813.5
Regional grouping, cities in:	
1. Sub-Saharan Africa	16.6
2. South Asia	15.0
3. East Asia	72.5
4. Latin America and the Caribbean	48.4
5. Eastern Europe, Greece, North Africa and the Middle East	86.2
6. West Europe, North America, Australia	656.0

Source: UNCHS and World Bank, *The Housing Indicators Programme, vol. III, Preliminary Findings*, 1993

ODA DISBURSEMENTS	EU		Total	
	(mil.)	(%)	(mil.)	(%)
Income grouping:				
1. Least developed countries	1,359	32	7,704	23
2. Other low-income countries	846	20	10,260	31
3. Low-mid-income countries	1,739	41	12,537	38
4. Mid-high-income countries	318	7	1,832	5
5. High-income countries	8	0	1,040	3
6. TOTAL	4,270	100	33,373	100

Source: BOND - Network for International Development, *Tackling Poverty: A Proposal for EU Aid Reform*, 2001

Demographics

Challenging Contrasts within Countries and Regions

The region of Europe and Central Asia has a long and diverse history, different legal and administrative traditions, languages and cultures. Its population is highly educated and many countries have strong local governments and democratic structures.

Its diversity, resulting not only from the presence of big and small nations, but also from its rich variety of geographically, ethnically and culturally distinct sub-regions, makes the region an exceptional source of experience.

The late 20th century has been yet another dramatic period in Europe's turbulent history. Until the late 1980s, the region was marked by sharp political and socio-economic divisions between market economies in the west and centrally-planned economies in the rest of the region, with very limited cooperation and often deep conflict between East and West.

Highly industrialized countries

In most highly industrialized countries, the urban transformation has nearly stabilized. Therefore, cities no longer deal with the effects of rapid urbanization, but rather with a combination of other demographic issues and impacts of global trends: increasing internationalization of metropolitan regions; changes in the allocation of responsibilities between the public and the private sectors; generally stronger role for a few major cities within each country; ageing population and problems of access to health care and pensions; international migration; and the highly detrimental impacts of social and economic polarization. In several industrialized countries, these trends are compounded by the movement of jobs to newly industrializing regions and by rising urban poverty among vulnerable groups, further fuelling polarization trends.

In nearly all industrial countries, rural populations are still decreasing - a trend that is expected to continue over the coming decades. In the past half-century, cities have transformed from fairly concentrated and identifiable entities into amorphous areas, sprawling into their hinterlands without visible borders between town and country. Causes of this dispersal include consumption-driven capitalism and the desire for more modern and spacious housing in open landscapes.

Most urban populations in Europe live in small or medium-sized towns. Currently, half the urban population of Europe lives in small towns of 10-50,000 people, a quarter in medium sized towns and cities of 50-250,000, and a quarter in cities with more than 250,000 people.⁹

⁹ UNCHS, *The State of the World's Cities*, 2001

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Countries in Transition

There are sharp differences among the various countries of the Eastern Europe and Central Asian sub-region. It is primarily the former centrally-planned economies of Eastern and Central Europe, plus the CIS countries that have become known as economies in transition. Some of these were among the first industrialized urban societies in the world but in recent decades have failed to modernize their cities.

It is now recognizable that sustainable urban development in these countries will largely depend on the creation and maintenance of efficient land and property markets; the development of more and better housing finance options; a greater emphasis on municipal finance and institution building; strengthening of urban utility systems; a growing interest in the preservation of cultural assets and heritage; and the responsiveness to emergencies.

Today, urban areas account for 70 percent, or 382 million of the total population of 543 million. The urban share of total population ranges from 40 percent in most of the central Asian republics to nearly 75 percent in Russia, about the same as the highly industrialized and Latin American countries. Of the central Asian republics that were part of the former Soviet Union, four - Kyrgyzstan, Kazakhstan, Tajikistan and Turkmenistan - recorded negative urban growth rates between 1990 and 1995.¹⁰ The aggregate urban population in some of these countries is still decreasing.

In several of the countries in this region, newly enfranchised city governments often have neither the experience nor the capacity to deal with the huge deficiencies built up over the years. In spite of quantitative transfer of tasks to local authorities, demands frequently overshadow administrative and financial capacities. Local government income figures suggest that decentralization has not been achieved since the national government fund transfers are still very high. It is, therefore, important to strengthen both the institutional and financial bases of local authorities to enable them to effectively participate in the development process.

KEY FINDINGS:

Highest portion of urban population: Group A: Belgium (whole region highest)
Group B: Malta
Group C: Macedonia
Group D: Russian Federation

Lowest portion of urban population: Group A: Finland and Ireland
Group B: Slovenia
Group C: Albania
Group D: Tajikistan (whole region lowest)

¹⁰ UNCHS, *The State of the World's Cities*, 2001

Demographics

BASIC FIGURES	Population (mil.)	Surface area (000 sq. km)	Population density (pers./sq. km)
Western Europe (EU plus three*)			
1. Austria	8.1	84	98
2. Belgium	10.2	33	212
3. Denmark	5.3	43	125
4. Finland	5.2	338	17
5. France	59.1	552	107
6. Germany	82.0	357	235
7. Greece	10.5	132	82
8. Iceland*	0.3	103	3
9. Ireland	3.7	70	54
10. Italy	57.6	301	196
11. Luxembourg	0.4	2.6	167
12. Netherlands	15.8	41	466
13. Norway*	4.5	324	15
14. Portugal	10.0	92	109
15. Spain	39.4	506	79
16. Sweden	8.9	450	22
17. Switzerland*	7.1	41	180
18. United Kingdom	59.1	245	245
Central and Eastern Europe plus three* (EU accession)			
1. Bulgaria	8.2	111	74
2. Cyprus*	0.7	9.3	82
3. Czech Republic	10.3	79	133
4. Estonia	1.4	45	34
5. Hungary	10.1	93	109
6. Latvia	2.4	65	39
7. Lithuania	3.7	65	57
8. Malta*	0.4	0.3	1184
9. Poland	38.7	323	127
10. Romania	22.5	238	97
11. Slovakia	5.4	49	112
12. Slovenia	2.0	20	98
13. Turkey*	64.4	775	84
Western Balkans (EU non-accession)			
1. Albania	3.4	29	123
2. Bosnia and Herzegovina	3.9	51	76
3. Croatia	4.5	57	80
4. Macedonia	2.0	26	79
5. Yugoslavia (Serbia and Montenegro)	10	102	104
Eastern Europe* and Central Asia (CIS)			
1. Armenia	3.8	30	135
2. Azerbaijan	8.0	87	92
3. Belarus*	10.2	208	49
4. Georgia	5.5	70	78
5. Kazakhstan	15.4	2,717	6
6. Kyrgyzstan	4.7	199	25
7. Moldova*	4.3	34	130
8. Russian Federation*	146.5	17,075	9
9. Tajikistan	6.2	143	44
10. Turkmenistan	4.8	488	10
11. Ukraine*	49.9	604	86
12. Uzbekistan	24.5	447	59

Source: World Bank, *World Development Report*, 2001

Demographics

POPULATION DISTRIBUTION INDICATORS	Urban (%)	Rural (%)	Average annual change in population (%)	
			Urban	Rural
Western Europe (EU plus three*)				
1. Austria	67	33	0.15	-0.60
2. Belgium	97	3	0.15	-2.25
3. Denmark	85	15	0.16	0.16
4. Finland	59	41	0.07	0.07
5. France	75	25	0.58	-0.34
6. Germany	88	12	0.17	-1.55
7. Greece	60	40	0.46	-0.62
8. Iceland*	92	8	0.83	-1.37
9. Ireland	59	41	1.43	0.27
10. Italy	67	33	0.11	-0.62
11. Luxembourg	92	8	1.55	-3.10
12. Netherlands	89	11	0.46	-0.65
13. Norway*	75	25	0.74	-0.77
14. Portugal	64	36	1.93	-3.61
15. Spain	78	22	0.28	-1.08
16. Sweden	83	17	-0.10	-0.27
17. Switzerland*	67	33	0.00	-0.19
18. United Kingdom	89	11	0.25	-0.50
Central and Eastern Europe plus three* (EU accession)				
1. Bulgaria	67	33	-0.94	-1.05
2. Cyprus*	70	30	1.20	-0.27
3. Czech Republic	75	25	-0.03	-0.33
4. Estonia	69	31	-1.08	-1.27
5. Hungary	65	35	-0.06	-1.34
6. Latvia	60	40	-0.56	-0.56
7. Lithuania	69	31	-0.03	-0.69
8. Malta*	91	9	0.66	-2.43
9. Poland	62	38	0.25	-0.68
10. Romania	55	45	0.08	-0.68
11. Slovakia	57	43	0.42	-0.40
12. Slovenia	49	51	-0.10	-0.14
13. Turkey*	66	34	2.07	-0.75
Western Balkans (EU non-accession)				
1. Albania	42	58	2.10	-0.52
2. Bosnia and Herzegovina	43	57	2.19	0.29
3. Croatia	58	42	0.75	-1.00
4. Macedonia	59	41	0.39	0.16
5. Yugoslavia (Serbia and Montenegro)	52	48	0.15	-0.47
Eastern Europe* and Central Asia (CIS)				
1. Armenia	67	33	0.19	-0.21
2. Azerbaijan	52	48	0.59	0.59
3. Belarus*	69	31	-0.18	-0.93
4. Georgia	56	44	-0.10	-0.10
5. Kazakhstan	56	44	-0.34	-0.41
6. Kyrgyzstan	34	66	1.16	1.16
7. Moldova*	42	58	-0.02	-0.44
8. Russian Federation*	73	27	-0.64	-0.64
9. Tajikistan	28	72	0.69	0.69
10. Turkmenistan	45	55	2.31	1.52
11. Ukraine*	68	32	-0.81	-1.21
12. Uzbekistan	37	63	1.39	1.39

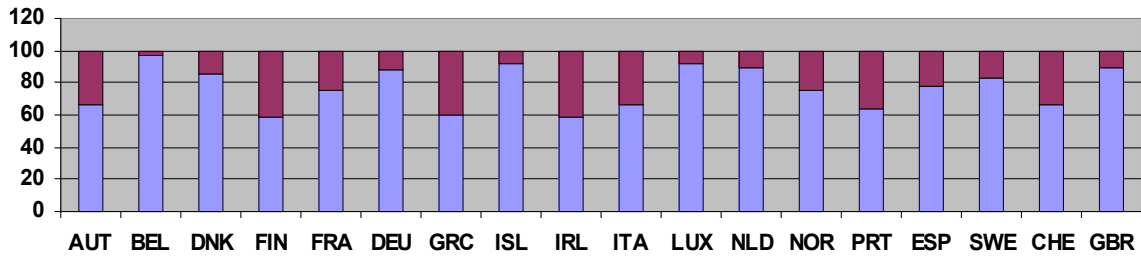
Source: Population Division of the UN Secretariat, *Millennium Indicators*, 2000

Demographics

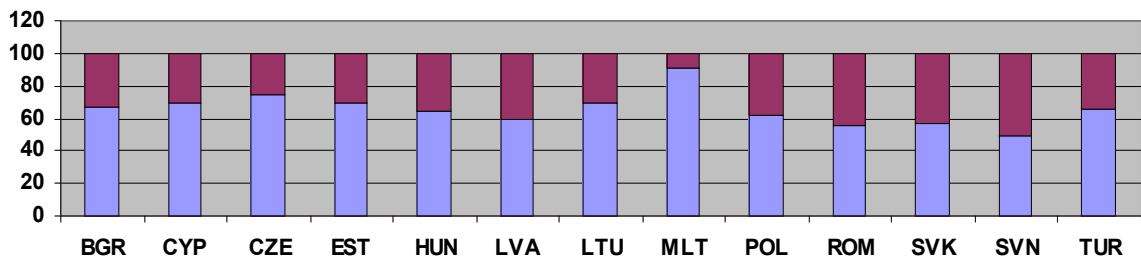
POPULATION DISTRIBUTION INDICATORS: GRAPHIC PRESENTATION

Blue bar: Urban
Red bar: Rural

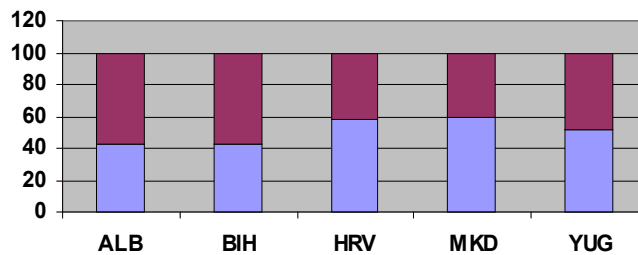
Group A: Western Europe (EU plus three)



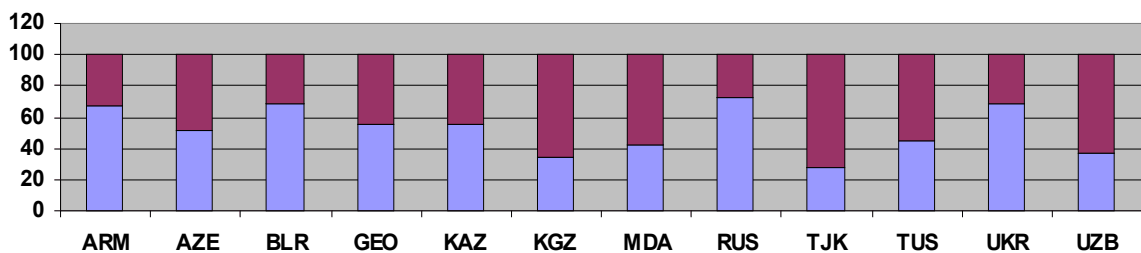
Group B: Central and Eastern Europe plus three (EU accession)



Group C: Western Balkans (EU non-accession)



Group D: Eastern Europe and Central Asia (CIS)



Solidarity Growing, Gap Widening

Since the commencement of the transition era more than a decade ago, the gap between the richest and the poorest nations in the region of Europe and Central Asia has steadily widened both in east-west terms and among the transition countries themselves. Although the chances for political and economic solidarity have never been greater, daunting obstacles remain.

Industrialized Europe: united and wealthy

In Western Europe, the material standard of living has been steadily improving since 1945, along with increasing agricultural and industrial production, as well as the sector of services. These industrialized countries, especially for the past two decades, have committed themselves to economic policies aimed at encouraging macroeconomic stabilization, structural adjustment and globalization of production and distribution. Although these policies have in general been effective in promoting short-term economic growth, low inflation, and lower current-account imbalances, negative longer-term societal implications are beginning to emerge as major political and socioeconomic dilemmas. Growing political disenchantment arising from widening income gaps, declining political participation, and wide-spread social exclusion is manifesting itself in countries across Europe.

West European countries are wealthy with generally well-educated populations. For many years, the European industrialized countries are among those with the highest GDP per capita on global level - typically ten times higher than in the rest of the region and more than three times the world average. Nonetheless, persistent pockets of destitution continue to exist in cities throughout the entire region and poverty certainly has not yet been overcome. Around 17 percent of all urban households in the highly industrialized countries are income poor.¹¹

One of the most influential changes during the past decade has been the increase in European economic and political integration. At the same time, the European Union is expanding, and trade and co-operation between countries within the region is also growing. The European Union and the prospect of accession in the near or distant future, has served as an important anchor for reforms in the better performing states of Central Europe and the Baltic States, while more recently has acted as a spur to peace and reconciliation in the Balkans. However, some changes, such as the harmonization of Central and Eastern European legislation to European Union law are more likely to be harmful.

¹¹ UNCHS, *The State of the World's Cities*, 2001

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Transitional Europe and Central Asia: more than a decade on

Over the past decade, central planning has largely disappeared in the countries of Europe and Central Asia. The challenge today is to build up the market institutions that are replacing the moribund state bureaucracies and make them work effectively so they offer better lives and new opportunities to the 500 million people who inhabit the vast region.

For the majority of the people in 27 transitional economies, the 10-year transition from central planning to the market has been traumatic. History provided few pointers about how to manage such momentous changes across such a diversity of cultures and circumstances. Ten years on, differences within the region have become more pronounced. Income ranges from 9,180 USD per capita in Slovenia to 143 in Tajikistan¹². Russia's continental breadth dwarfs the region's smaller nations whose societies range from the heavily urbanized countries of Central Europe to the largely rural ones of Central Asia. Although many countries, especially those in Central Europe, are firmly set on the path toward European as well as global integration, others struggle with the legacies of long-simmering tensions in the Balkans, the South Caucasus and Central Asia.

Whatever the speed of the transition to the market economy, most nations face major challenges in building the institutions and implementing the policies necessary for success. The economic convulsions experienced in recent years in Russia, Ukraine, Turkey, as well as in the Balkans, Central Asia and the Caucasus, reflect these challenges which are compounded by a widespread lack of bureaucratic and management capacity.

Many of the countries of the region have seen a dramatic decline in economic activity and trade, and – as a consequence – in the well-being of their populations. As a result poverty has become more widespread and region-wide, rising faster than anywhere else in the world. Health and other social indicators substantiate this trend. Worst affected are parts of the Balkans, the Commonwealth of Independent States and Turkey.

Nevertheless, there are signs that the transition recession, which temporarily gripped the formerly centrally planned countries, is now largely a matter of the past. In Central Europe the economic recovery started in the mid-1990s and over the last few years the Balkans, Russia and Ukraine have also experienced strong growth.

Employment losses: cost of transition

The most visible cost of transition has been the rise in unemployment, underemployment and informalization of employment. To certain extent, unemployment has been understated, for a certain number of workers has been put on long-term "administrative leave" - typically unpaid but still classified as employed - while many of the unemployed have not been counted because they have not registered at employment exchanges, or have been put into other statuses, such as "early retirement" or "inactive".

¹² Statistic Division of the UN Secretariat, *Millennium Indicators*, 2000

Economies

In some countries, the official - or most often quoted - figure for unemployment has been well below the real level. For example, some analyses still cite the Uzbekistan unemployment rate as 0.4 percent, which is the figure for the number of people registered at employment offices divided by the number of "employed" plus the number of registered unemployed.¹³ Labor force survey data have given much higher unemployment rate, which is the number of unemployed seeking employment divided by the employed plus unemployed. By adding the "discouraged" - those wanting and needing employment but not currently seeking it because they believe no jobs are available - the figure rises even more.

In spite of inadequate measurement, there is no doubt that mass unemployment has been a major source of social hardship in the 1990s, with countries such as Macedonia and Moldova having extremely high levels (over 30 percent), with some having over 20 percent (such as Armenia), and with most countries having more than 10 percent of their labor force officially out of paid work.¹⁴ To the openly unemployed should be added the millions of workers in the region who have dropped out of the labor force in discouragement, and the millions who are classified as on "administrative leave" or tied to their enterprises by their work history book or some other contractual relationship but who have been unpaid for many months, as in the Russian Federation, Ukraine, Belarus and Kyrgyzstan.

KEY FINDINGS:

Highest GDP per capita PPP:	Group A: Luxembourg (whole region highest) Group B: Cyprus Group C: Croatia Group D: Russian Federation
Lowest GDP per capita PPP:	Group A: Greece Group B: Bulgaria Group C: Albania Group D: Tajikistan (whole region lowest)
Highest Unemployment rate:	Group A: Spain Group B: Slovakia Group C: Macedonia (whole region highest) Group D: Armenia
Lowest Unemployment rate:	Group A: Luxembourg and Switzerland Group B: Cyprus Group C: Albania Group D: Uzbekistan (whole region lowest)

¹³ ILO, *Yearbook of Labor Statistics*, 2001

¹⁴ Ibid

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GROSS DOMESTIC PRODUCT:	Total (mil. USD)	Per capita (USD)	Per capita PPP (USD)
Western Europe (EU plus three*)			
1. Austria	208,949	23,357	26,765
2. Belgium	245,705	22,323	27,178
3. Denmark	174,363	30,141	27,627
4. Finland	126,130	23,377	24,996
5. France	1,410,262	21,848	24,223
6. Germany	2,081,202	22,753	25,103
7. Greece	123,934	10,680	16,501
8. Iceland*	8,109	30,681	29,581
9. Ireland	84,861	25,066	29,866
10. Italy	1,149,958	18,653	23,626
11. Luxembourg	19,285	43,372	50,061
12. Netherlands	384,766	23,294	25,657
13. Norway*	145,449	36,198	29,918
14. Portugal	107,716	10,603	17,290
15. Spain	562,245	14,054	19,472
16. Sweden	226,388	25,903	24,277
17. Switzerland*	260,299	33,394	28,769
18. United Kingdom	1,373,612	24,058	23,509
Central and Eastern Europe plus three* (EU accession)			
1. Bulgaria	12,103	1,508	5,710
2. Cyprus*	9,086	11,231	20,824
3. Czech Republic	56,379	4,942	13,991
4. Estonia	5,101	3,569	10,066
5. Hungary	48,355	4,649	12,416
6. Latvia	6,664	2,952	7,045
7. Lithuania	10,454	3,039	7,106
8. Malta*	3,492	9,069	17,273
9. Poland	154,146	4,082	9,051
10. Romania	33,750	1,635	6,423
11. Slovakia	19,307	3,570	11,243
12. Slovenia	20,653	9,118	17,367
13. Turkey*	188,374	2,998	6,974
Western Balkans (EU non-accession)			
1. Albania	3,058	1,197	3,506
2. Bosnia and Herzegovina	NA	1,074	NA
3. Croatia	21,752	4,089	8,091
4. Macedonia	3,445	1,641	5,086
5. Yugoslavia (Serbia and Montenegro)	NA	1,094	NA
Eastern Europe* and Central Asia (CIS)			
1. Armenia	1,911	506	2,559
2. Azerbaijan	4,457	655	2,936
3. Belarus*	25,693	1,022	7,544
4. Georgia	4,192	573	2,664
5. Kazakhstan	15,594	1,129	5,871
6. Kyrgyzstan	1,629	265	2,711
7. Moldova*	1,092	NA	2,109
8. Russian Federation*	375,345	1,726	8,377
9. Tajikistan	1,778	143	1,152
10. Turkmenistan	2,708	934	3,956
11. Ukraine*	42,415	639	3,816
12. Uzbekistan	16,844	543	2,441

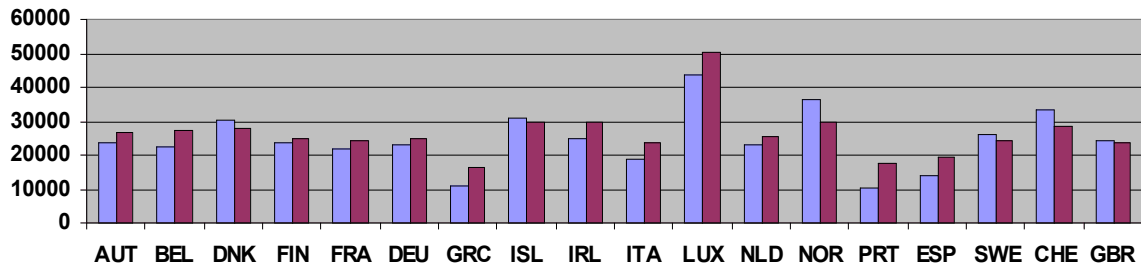
Sources: Column 1: World Bank, *World Development Report*, 2001
Column 2: Statistic Division of the UN Secretariat, *Millennium Indicators*, 2000
Column 3: UNDP, *Human Development Report*, 2002

Economies

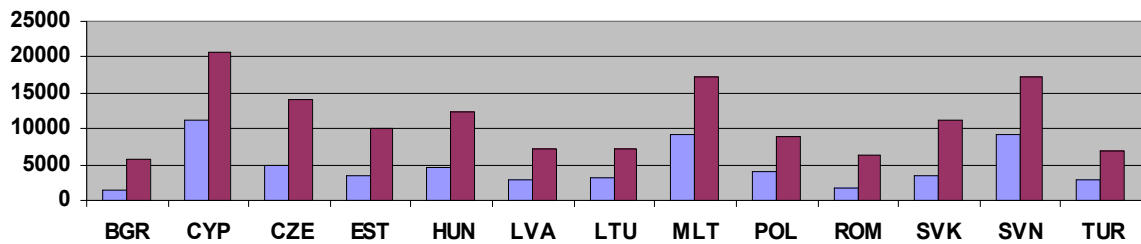
GROSS DOMESTIC PRODUCT: GRAPHIC PRESENTATION

Blue bar: GDP per capita
Red bar: GDP per capita PPP

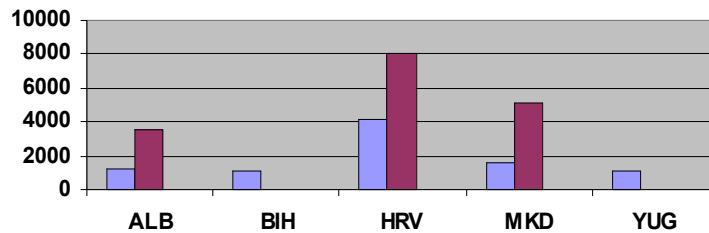
Group A: Western Europe (EU plus three)



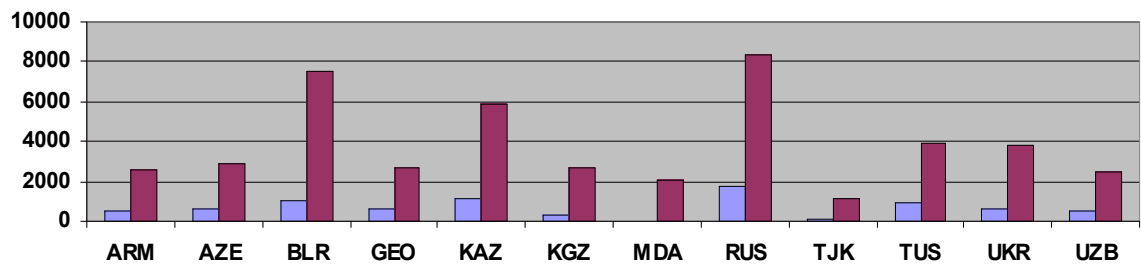
Group B: Central and Eastern Europe plus three (EU accession)



Group C: Western Balkans (EU non-accession)

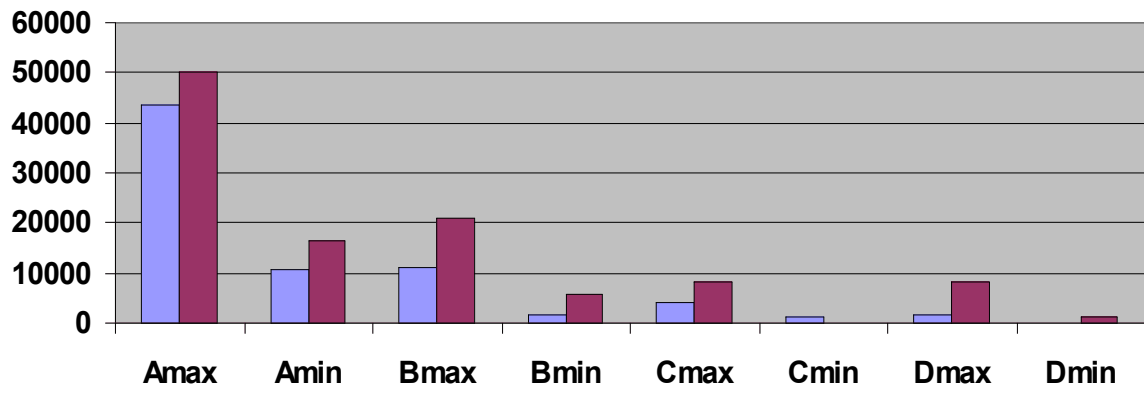


Group D: Eastern Europe and Central Asia (CIS)



Economies

Groups A to D (comparison):



Economies

INDEBTEDNESS	Income group	Level of indebtedness
Western Europe (EU plus three*)		
1. Austria	High income	Not classified
2. Belgium	High income	Not classified
3. Denmark	High income	Not classified
4. Finland	High income	Not classified
5. France	High income	Not classified
6. Germany	High income	Not classified
7. Greece	High income	Not classified
8. Iceland*	High income	Not classified
9. Ireland	High income	Not classified
10. Italy	High income	Not classified
11. Luxembourg	High income	Not classified
12. Netherlands	High income	Not classified
13. Norway*	High income	Not classified
14. Portugal	High income	Not classified
15. Spain	High income	Not classified
16. Sweden	High income	Not classified
17. Switzerland*	High income	Not classified
18. United Kingdom	High income	Not classified
Central and Eastern Europe plus three* (EU accession)		
1. Bulgaria	Lower middle	Moderately
2. Cyprus*	High income	Not classified
3. Czech Republic	Upper middle	Less indebted
4. Estonia	Upper middle	Moderately
5. Hungary	Upper middle	Moderately
6. Latvia	Upper middle	Less indebted
7. Lithuania	Upper middle	Less indebted
8. Malta*	Upper middle	Less indebted
9. Poland	Upper middle	Less indebted
10. Romania	Lower middle	Less indebted
11. Slovakia	Upper middle	Less indebted
12. Slovenia	High income	Not classified
13. Turkey*	Lower middle	Moderately
Western Balkans (EU non-accession)		
1. Albania	Lower middle	Less indebted
2. Bosnia and Herzegovina	Lower middle	Moderately
3. Croatia	Upper middle	Moderately
4. Macedonia	Lower middle	Less indebted
5. Yugoslavia (Serbia and Montenegro)	Lower middle	Less indebted
Eastern Europe* and Central Asia (CIS)		
1. Armenia	Low income	Less indebted
2. Azerbaijan	Low income	Less indebted
3. Belarus*	Lower middle	Less indebted
4. Georgia	Low income	Less indebted
5. Kazakhstan	Lower middle	Less indebted
6. Kyrgyzstan	Low income	Severely
7. Moldova*	Low income	Moderately
8. Russian Federation*	Lower middle	Moderately
9. Tajikistan	Low income	Severely
10. Turkmenistan	Lower middle	Moderately
11. Ukraine*	Low income	Less indebted
12. Uzbekistan	Low income	Moderately

Source: World Bank, *List of Economies*, 2002

Economies

UNEMPLOYMENT RATE	Both sexes (%)	Male (%)	Female (%)
Western Europe (EU plus three*)			
1. Austria	3.6	3.3	3.8
2. Belgium	7.0	5.8	8.7
3. Denmark	5.5	4.5	6.6
4. Finland	9.7	8.9	10.6
5. France	10.0	8.5	11.9
6. Germany	7.9	7.6	8.3
7. Greece	11.1	7.3	16.7
8. Iceland*	2.3	1.8	2.9
9. Ireland	5.7	5.9	5.5
10. Italy	10.5	8.1	14.5
11. Luxembourg	2.7	..	..
12. Netherlands	3.3	2.6	4.2
13. Norway*	3.4	3.6	3.2
14. Portugal	4.0	3.2	5.0
15. Spain	14.1	9.7	20.5
16. Sweden	4.7	5.0	4.3
17. Switzerland*	2.7	2.3	3.1
18. United Kingdom	5.5	6.1	4.8
Central and Eastern Europe plus three* (EU accession)			
1. Bulgaria	16.4	..	..
2. Cyprus*	4.9	3.2	7.4
3. Czech Republic	8.3	6.8	10.2
4. Estonia	13.7	14.6	12.7
5. Hungary	6.4	7.0	5.6
6. Latvia	14.6	15.6	13.5
7. Lithuania	15.4	17.3	13.3
8. Malta*	5.3	6.3	2.6
9. Poland	16.1	14.4	18.1
10. Romania	7.1	7.7	6.4
11. Slovakia	18.6	18.6	18.6
12. Slovenia	7.4	7.2	7.6
13. Turkey*	7.3	7.7	6.4
Western Balkans (EU non-accession)			
1. Albania	9.1	..	..
2. Bosnia and Herzegovina	..	..	..
3. Croatia	16.1	15.0	17.3
4. Macedonia	38.8	35.0	44.5
5. Yugoslavia (Serbia and Montenegro)	..	..	..
Eastern Europe* and Central Asia (CIS)			
1. Armenia	36.4	38	34.4
2. Azerbaijan	1.2	1.0	1.4
3. Belarus*	2.1	1.7	2.4
4. Georgia	10.8	..	..
5. Kazakhstan	13.7	..	..
6. Kyrgyzstan	..	..	..
7. Moldova*	8.5	9.7	7.2
8. Russian Federation*	13.4	13.6	13.1
9. Tajikistan	2.7	2.4	2.3
10. Turkmenistan	..	..	..
11. Ukraine*	11.7	11.7	11.7
12. Uzbekistan	0.4	0.3	0.5

Source: ILO, *Yearbook of Labor Statistics*, 2001

Poverty

Alleviation That Goes Slowly

Poverty has many faces, changing from place to place and across time, and has been described in many ways. Most often, poverty is a situation people want to escape. So poverty is a call to action - for the poor and the wealthy all the same - a call to change the world so that many more may have enough food, adequate shelter, access to education and health, protection from violence, and a voice in what happens in their communities.

To know what helps to alleviate poverty, what works and what does not, what changes over time, poverty has to be defined, measured, and studied - and even lived. As poverty has many dimensions, it has to be looked at through a variety of indicators - levels of income and consumption, social indicators, and now increasingly indicators of vulnerability to risks and of socio-political access.

As a multidimensional phenomenon, poverty encompasses inability to satisfy basic needs, lack of control over resources, lack of education and skills, poor health, malnutrition, lack of shelter, poor access to water and sanitation, vulnerability to shocks, violence and crime, lack of political freedom and voice. So when one wants to look at what happens to poverty, it's better to look at a number of indicators - in defining the indicators to track the international development goals and listen to the voices of the poor. This section contains information on income poverty, which shows the living conditions for many Europeans and inhabitants of Central Asia.

The numbers emerging from the tables show little progress in reducing income poverty over the last years. Poor people's experiences with government institutions are largely negative, even when government programs were rated as important. Corruption and poor quality services seemed to be the norm, whether in health care or in programs of social support. But the poor still greatly value government programs, and feel governments have important roles to play in their lives. The presence of NGOs in the various countries is uneven, but where they are at work their contributions are generally appreciated.

The cost of the transition

Extraordinary rise in poverty - both income and human poverty - has been one among the costs of transition. This has been clear even though assessing the trends has been complicated by the variety of concepts, practical definitions and methods that have been adopted to monitor developments. In some countries, the level of income poverty has reached particularly high levels. In Armenia, according to a household survey conducted by the Ministry of Statistics in 1996, about 55 percent of households were poor, according to a modest official poverty line based on a minimum consumption basket, and of these, half were "very poor". In Kyrgyzstan, according to the National Statistics Committee, 71 percent of the population had an income below the poverty line - which was based on the assumption that 60 percent of total income was spent on the food needed for survival. Over 18 percent of households had incomes below the "extreme" poverty line, defined as

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the level of per capita expenditure on food necessary for maintaining vital human functions. In Georgia in 1996, about two-thirds of the population had incomes below the official poverty line. In Ukraine, it was about 50.¹⁵

Similar tendencies are identified with the human poverty - which UNDP defines as the lack of basic human capabilities.

The rise in income poverty has been caused primarily by the slump in national incomes, joined with the extremely high rates of inflation. By 1997, only Slovenia had a higher national income than it had in 1989, while Poland had finally recovered to that level. In the two largest countries, the Russian Federation and Ukraine, national income was at least one-third lower than in 1989.¹⁶ In 1998, most countries were anticipating positive economic growth, although the fall-out of the Russian economic and political crises in late 1998 has disrupted several vulnerable economies.

As for inflation, very high levels have been persistently present in countries such as Albania, Belarus, Bulgaria, Romania, Tajikistan, Turkmenistan and Uzbekistan.

A special source of poverty, and a major cause of rising social tensions in a few countries, has been the pervasive phenomenon known as "arrears" in the payment of wages, pensions and social benefits. In Ukraine, these arrears have been estimated to account for about 4 percent of GDP, and in the Russian Federation for about 3 percent. No doubt these figures are under-estimates. In Kazakhstan, the situation seems even worse, since some estimates suggest that wage, pension and benefit arrears account for about 40 percent of GDP.¹⁷

A major contributor to the increasing poverty - along with falling incomes and rising inflation - has been the rise in income and wealth inequality, and this has been yet another cost of transition.

Some other examples

During the 1990s, poverty rose markedly in the transition economies. In Russia, the breakup of the central planning system was accompanied by a steep fall in output and a sharp increase in inflation. Poverty as measured by the national definition had jumped from an estimated 11 percent during the Soviet period to 43 per cent by 1996, and increased further with the 1998 crisis. Inequality widened dramatically during the transition, with the coefficient of consumption expenditure rising from an estimated 0.24 in 1988 to about 0.49 in 1998.¹⁸ Increasing disparities in poverty across regions have also surfaced, exacerbated by an inefficient system of fiscal decentralization which left the more backward regions short of resources to assist the poor.

Moldova, one of the countries hardest-hit by the 1998 crisis and today one of the poorest countries in Europe, experienced a dramatic worsening of poverty: the percentage of

¹⁵ UNDP, *Transition: Human Development Report for Central and Eastern Europe and the CIS*, 1999

¹⁶ Ibid

¹⁷ Ibid

¹⁸ The World Bank Group, *Poverty Trends and Voices of the Poor*, 2001

Poverty

people living below the national poverty line increased from 35 percent in May 1997 to 46 percent in the fourth quarter of 1998.¹⁹ Inequality also increased sharply in the last decade.

In Kyrgyzstan, poverty is fundamentally a rural phenomenon: in 1997, 80 percent of all poor in the country lived in rural areas and the gap between rural and urban areas appeared to be growing. Poverty rates also vary by age group: 56 percent of households with a head who is sixty years or older live in poverty, while about 35 percent of households with a head under age 30 live below the poverty line.²⁰

In Turkey, the number of poor people decreased between 1987 and 1994, but income distribution remained broadly unchanged.

Recent poverty assessments by the World Bank highlight striking levels of poverty among the Roma population. In Bulgaria, in 1997, over 84 percent of the Roma lived below the poverty line (compared to a national poverty rate of 36 percent); in Hungary, one-third of the long-term poor were Roma, although they make up only 5 percent of the population.²¹

KEY FINDINGS:

Highest percentage of population living on less than 2 USD per day:

Group A: Data not available

Group B: Turkey

Group C: Data not available

Group D: Turkmenistan

Lowest percentage of population living on less than 2 USD per day:

Group A: Data not available

Group B: Czech Republic

Group C: Data not available

Group D: Belarus

Highest percentage of population living below the National poverty line:

Group A: Data not available

Group B: Romania

Group C: Data partially available

Group D: Tajikistan and Moldova (whole region highest)

Lowest percentage of population living below the National poverty line:

Group A: Data not available

Group B: Hungary (whole region lowest)

Group C: Data partially available

Group D: Belarus

¹⁹ The World Bank Group, *Poverty Trends and Voices of the Poor*, 2001

²⁰ Ibid

²¹ Ibid

Poverty

POPULATION LIVING ON LESS THAN:	11	4	2	1
	(USD/day)	(USD/day)	(USD/day)	(USD/day)
Western Europe (EU plus three*)				
1. Austria
2. Belgium
3. Denmark
4. Finland	4.8	..	..	..
5. France	9.9	..	..	..
6. Germany	7.3	..	..	..
7. Greece
8. Iceland*
9. Ireland
10. Italy
11. Luxembourg	0.3	..	..	..
12. Netherlands	7.1	..	..	..
13. Norway*	4.3	..	..	..
14. Portugal
15. Spain
16. Sweden	6.3	..	..	..
17. Switzerland*
18. United Kingdom	15.7	..	..	..
Central and Eastern Europe plus three* (EU accession)				
1. Bulgaria	..	22	7.84	<2
2. Cyprus*
3. Czech Republic	..	<1	0.31	..
4. Estonia	..	18	17.7	<2
5. Hungary	..	<1	4.04	..
6. Latvia	..	28	8.33	<2
7. Lithuania	..	17	7.79	<2
8. Malta*
9. Poland	..	10	10.46	<2
10. Romania	..	23	27.5	2.8
11. Slovakia	..	8	1.65	<2
12. Slovenia	..	<1	0.53	..
13. Turkey*	18.04	2.4
Western Balkans (EU non-accession)				
1. Albania
2. Bosnia and Herzegovina
3. Croatia	<2
4. Macedonia
5. Yugoslavia (Serbia and Montenegro)
Eastern Europe* and Central Asia (CIS)				
1. Armenia	7.8
2. Azerbaijan
3. Belarus*	0.5	<2
4. Georgia	<2
5. Kazakhstan	..	62	15.33	<2
6. Kyrgyzstan	..	88	..	..
7. Moldova*	..	82	31.9	11.3
8. Russian Federation*	..	53	25.08	..
9. Tajikistan
10. Turkmenistan	59.02	12.1
11. Ukraine*	..	25	23.68	2.9
12. Uzbekistan	26.5	3.3

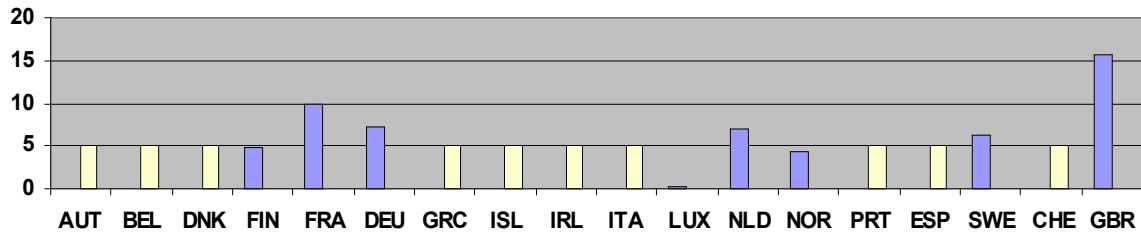
Sources: Column 1, 2: UNDP, *Human Development Report*, 2002
Column 3: World Bank, *Global Poverty Monitoring*, 2002
Column 4: Statistics Division of the UN Secretariat, *Millennium Indicators*, 2000

Poverty

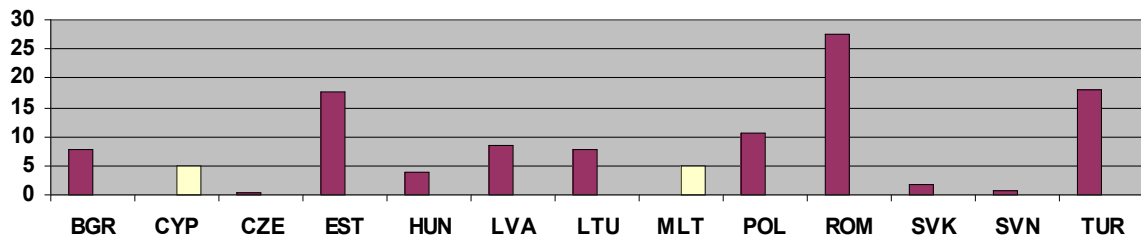
POPULATION LIVING ON LESS THAN 11 AND 2 USD PER DAY: GRAPHIC PRESENTATION

Blue bar: 11 USD per day (%)
 Red bar: 2 USD per day (%)
 Yellow bar: Data not available

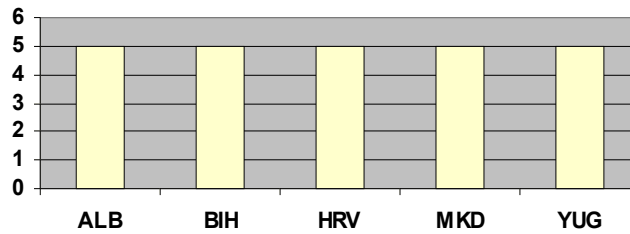
Group A: Western Europe (EU plus three)



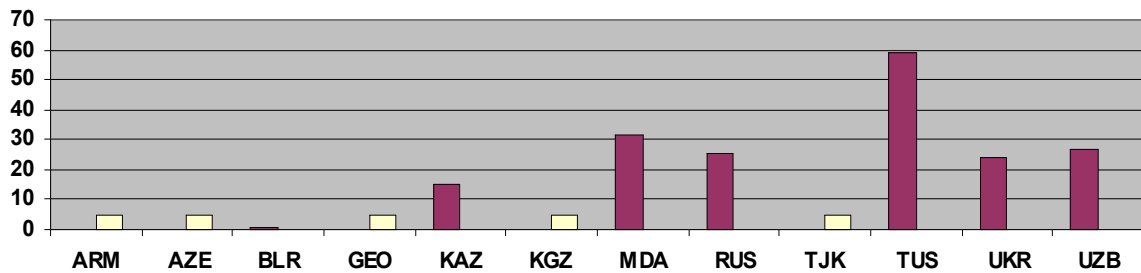
Group B: Central and Eastern Europe plus three (EU accession)



Group C: Western Balkans (EU non-accession)



Group D: Eastern Europe and Central Asia (CIS)



Poverty

POPULATION BELOW:	50% of Median income (%)	National poverty line (%)		
		WB1	WB2	CIA
Western Europe (EU plus three*)				
1. Austria	10.6	..	..	..
2. Belgium	8.2	..	..	4
3. Denmark	9.2	..	..	..
4. Finland	5.1	..	..	..
5. France	8.0	..	..	6.4
6. Germany	7.5	..	..	..
7. Greece	..	..	..	..
8. Iceland*	..	..	..	..
9. Ireland	11.1	..	..	10
10. Italy	14.2	..	..	..
11. Luxembourg	3.9	..	..	..
12. Netherlands	8.1	..	..	..
13. Norway*	6.9	..	..	..
14. Portugal	..	..	..	..
15. Spain	10.1	..	..	..
16. Sweden	6.6	..	..	..
17. Switzerland*	9.3	..	..	..
18. United Kingdom	13.4	..	..	17
Central and Eastern Europe plus three* (EU accession)				
1. Bulgaria	..	..	36.0	12.6
2. Cyprus*	..	..	..	..
3. Czech Republic	4.9	..	..	..
4. Estonia	..	8.9	..	..
5. Hungary	10.1	8.6	..	8.6
6. Latvia	..	..	11.0	..
7. Lithuania	..	..	..	..
8. Malta*	..	..	..	..
9. Poland	11.6	23.8	..	18.4
10. Romania	..	21.5	..	44.5
11. Slovakia	2.1	..	..	..
12. Slovenia	..	..	..	..
13. Turkey*	15.7	..	36.3	..
Western Balkans (EU non-accession)				
1. Albania	..	..	15-30	30
2. Bosnia and Herzegovina	..	..	..	..
3. Croatia	..	..	..	..
4. Macedonia	..	..	20.0	24
5. Yugoslavia (Serbia and Montenegro)	..	..	..	30
Eastern Europe* and Central Asia (CIS)				
1. Armenia	..	55	..	50
2. Azerbaijan	..	68.1	61.0	49
3. Belarus*	..	22.5	..	22
4. Georgia	..	11.1	..	54
5. Kazakhstan	..	34.6	..	26
6. Kyrgyzstan	..	51.0	64.1	55
7. Moldova*	..	23.3	35.0	80
8. Russian Federation*	20.1	30.9	..	25
9. Tajikistan	..	..	83.0	60
10. Turkmenistan	..	..	..	34
11. Ukraine*	..	31.7	..	29
12. Uzbekistan	..	..	..	..

Sources: Column 1: UNDP, *Human Development Report*, 2002
Column 2: World Bank, *World Development Report*, 2001
Column 3: World Bank, *Poverty Monitoring Database*, 2002
Column 4: CIA, *The World Factbook*, 2003

Housing

Adequate Housing in Transition

Adequate shelter means more than a roof over one's head. It also means adequate privacy; adequate space; physical accessibility; adequate security; security of tenure; structural stability and durability; adequate lighting, heating and ventilation; adequate basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; and adequate and accessible location with regard to work and basic facilities: all of which should be available at an affordable cost.

Poor households' challenges

It is estimated that between 1/4 and 1/3 of all urban households in the world live in absolute poverty.²² Vulnerable to a number of hazards, the poor are always at risk. They live densely packed, subject to heavy rains or sudden fires that can wipe out their homes. They have precarious employment, in the formal or informal sector. They are exposed to higher incidence of disease, arbitrary arrest and forced eviction. Neglected by formal institutions, they are often left unprotected against violence, drug dealers, corrupt officials, unscrupulous slumlords and organized crime. One of the main causes of their vulnerability is the lack of resources and, therefore, lack of political power. Low levels of assets make poor people especially vulnerable to negative economic shocks.

Social and political forces, as well as markets, have their own impact on poverty housing. Public expenditure patterns, gender discrimination, accountability, corruption, having a voice in public affairs, as well as global factors such as environmental degradation and agricultural productivity - each play a role in increasing or reducing poverty housing. Patterns of poverty evolution are so extremely diverse that one should not expect simple causal explanations, much less a uniform set of policy prescriptions.

Increasingly, identifying and overcoming conditions of local poverty housing is seen as a local authority responsibility - for higher level institutions to support and facilitate. On the other side, formal construction in the cities of developing countries principally serves moderate-to-upper income groups, leaving lower income populations to address their housing needs through informal means.

Widespread unauthorized housing disregards building regulations and may not come with legal titles. Some of those dwellings are built by the prospective occupants, some by informal-sector developers, and much of the rest by 'slum-lords' for rent to low-income people. All too often, these units are of poor quality and located in hazardous areas off-limits to legal housing. If such housing were produced according to established building regulations, the cost would be beyond the attainment of the poor. Nevertheless, with proper public sector support, informal housing can be upgraded to formal status.

²² UNCHS, *The State of the World's Cities*, 2001

Housing

Access to safe water and sanitation

Lack of clean water and sanitation is the main reason diseases are so common in developing countries. Contaminated drinking water and an inadequate supply of water cause diseases that account for 10 percent of the total burden of disease in developing countries.²³ At the end of the 1980s - which was declared the International Water Supply and Sanitation Decade - most people in poor regions still lacked adequate sanitation.

In 2000, approximately 1.5 billion people in low and middle-income economies lacked access to safe water supplies.²⁴ In many cities in the developing world, inequalities in water consumption between poor and rich zones are considerable, with those living in the richest areas consuming much more water than those in the poorest areas.

In 1996, approximately 1.4 billion low-income and over 400 million middle-income people lacked access to sanitary facilities. At the present rate of progress, one-third of all low-income people - over 900 million - will still lack adequate sanitation in the year 2015.²⁵

The legacy of central planning

The infrastructure inherited by Eastern Europe and Central Asia countries from the many years of centralized rule reflected a misallocation of public investment - a principal legacy of central planning. The heavily subsidized infrastructure was costly to build and operate. Emphasis on new investments over adequate maintenance of existing facilities led to massive public investment in infrastructure. This resulted in low-productivity in the use of land, overcapacity of public utilities, and poor quality of urban services. Presently, expenditures on maintenance and rehabilitation would, if properly carried out, impose an unaffordable fiscal burden on the government budgets. In most of those countries, annual subsidies to housing and communal services account for 2 to 4 percent of national GDP.²⁶

An inverse picture of land use emerged in most cities in which factories were placed in central business districts and high-density housing in semi-distant locations, requiring long public transport trips. This legacy of central planning has left those countries with numerous economic distortions. Undeveloped land, housing, financial markets that are still not properly operating, and rigid urban planning are still issues that are not resolved. A large and increasingly aging population is also demanding attention.

The economic growth in coming years in the region will tend to be concentrated in urban areas, with rapid development of the long neglected service industries and of manufacturing adapted to respond to market demands. Cities and towns already account

²³ The World Bank Group, *Poverty Trends and Voices of the Poor*, 2001

²⁴ Ibid

²⁵ Ibid

²⁶ UNCHS, *Global Report on Human Settlements*, 2001

Housing

for some two thirds of the population in the region, ranging from 40 percent in most of the Central Asian republics to nearly 75 percent in the Russian Federation, not much different from the average for the Organization for Economic Cooperation and Development (OECD) countries (77 percent) and Latin America (74 percent).²⁷

Therefore, the urban development agenda is expanding beyond traditional areas to include issues such as urban poverty, institutional building, privatization, capital market access, real estate market development, preservation of cultural heritage, and disaster mitigation. The countries from the region have a number of major challenges in the coming years: a greater emphasis on strategies for urban poverty alleviation; the development of sound, transparent, and creditworthy institutions and processes for urban development; the creation and maintenance of land and property markets; the development of housing markets and housing finance; a greater emphasis on municipal finance and fiscal decentralization; the strengthening of urban utility systems; a growing interest in the preservation of cultural assets and heritage; and the responsiveness to the challenges of environmental neglect, as well as to emergency needs.

KEY FINDINGS:

Highest average number of persons per room:

- Group A: Finland
- Group B: Romania and Turkey
- Group C: Data not available
- Group D: Data not available

Lowest average number of persons per room:

- Group A: United Kingdom
- Group B: Cyprus
- Group C: Data not available
- Group D: Data not available

Highest number of dwellings per 1000 inhabitants:

- Group A: Switzerland
- Group B: Estonia
- Group C: Data partially available
- Group D: Belarus

Lowest number of dwellings per 1000 inhabitants:

- Group A: Ireland
- Group B: Poland
- Group C: Data partially available
- Group D: Tajikistan

POPULATION USE OF/ACCESS TO:	Piped water source %	Adequate sanitation %	Central heating %
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Housing

Western Europe (EU plus three*)			
1. Austria	99.9	98.9	77.1
2. Belgium
3. Denmark	..	97.9	98.3
4. Finland	96.7	94.9	91.5
5. France	..	..	82.8
6. Germany	..	..	86.9
7. Greece	..	..	..
8. Iceland*	100.0	..	100.0
9. Ireland	97.0	96.0	59.0
10. Italy	99.1	98.8	26.4
11. Luxembourg	100.0	100.0	99.1
12. Netherlands	..	..	86.3
13. Norway*	..	96.1	..
14. Portugal	87.2	88.8	..
15. Spain	99.3	97.2	9.1
16. Sweden	100.0	100.0	100.0
17. Switzerland*	..	..	..
18. United Kingdom	..	..	..
Central and Eastern Europe plus three* (EU accession)			
1. Bulgaria	87.5	67.0	12.7
2. Cyprus*	98.3	92.0	25.4
3. Czech Republic	98.2	97.0	79.8
4. Estonia	83.9	74.0	67.9
5. Hungary	84.8	76.2	47.6
6. Latvia	83.2	77.8	64.9
7. Lithuania	75.6	74.0	71.8
8. Malta*	..	..	..
9. Poland	93.3	82.3	72.9
10. Romania	51.4	44.9	38.9
11. Slovakia	..	..	..
12. Slovenia	97.6	90.9	65.4
13. Turkey*	85.6	69.6	..
Western Balkans (EU non-accession)			
1. Albania	..	..	..
2. Bosnia and Herzegovina	..	..	..
3. Croatia	87.1	81.6	25.4
4. Macedonia	82.8	59.5	12.0
5. Yugoslavia (Serbia and Montenegro)	79.8	..	21.2
Eastern Europe* and Central Asia (CIS)			
1. Armenia	98.0	..	81.0
2. Azerbaijan	54.4	39.5	27.9
3. Belarus*	60.9	58.4	59.6
4. Georgia	89.7	88.4	51.8
5. Kazakhstan	51.1	..	47.0
6. Kyrgyzstan	37.8	..	30.4
7. Moldova*	36.3	31.6	30.7
8. Russian Federation*	73.0	..	73.0
9. Tajikistan	..	..	..
10. Turkmenistan	53.8	..	30.5
11. Ukraine*	98.6	91.4	95.5
12. Uzbekistan	..	..	..

Source: UNECE, *The Statistical Yearbook of the Economic Commission for Europe*, 2003

HOUSEHOLDS AND HOUSING	Average household size	Average number of persons per room		
		Total	Urban	Rural

Housing

Western Europe (EU plus three*)				
1. Austria	2.4	0.7	0.7	0.7
2. Belgium	2.4	0.6	..	0.6
3. Denmark	2.2	..	..	..
4. Finland	2.2	0.8	0.8	1.0
5. France	2.4	0.7	0.7	0.7
6. Germany	2.2	0.5	0.5	0.5
7. Greece	3.0	..	..	..
8. Iceland*	..	..	..	..
9. Ireland	3.0	..	..	..
10. Italy	..	..	..	..
11. Luxembourg	..	..	..	..
12. Netherlands	2.3	0.7	0.6	0.7
13. Norway*	2.2	0.6	0.6	0.6
14. Portugal	3.0	0.7	0.7	0.7
15. Spain	3.2	..	..	..
16. Sweden	2.1	0.5	0.5	0.5
17. Switzerland*	2.3	0.6	0.6	0.6
18. United Kingdom	2.4	0.5	0.5	0.4
Central and Eastern Europe plus three* (EU accession)				
1. Bulgaria	2.7	1.0	1.2	0.8
2. Cyprus*	3.1	0.6	0.6	0.7
3. Czech Republic	2.7	1.0	1.1	1.0
4. Estonia	2.4	..	..	..
5. Hungary	2.6	0.8	0.8	0.8
6. Latvia	2.7	..	..	..
7. Lithuania	2.6	..	..	..
8. Malta*	3.2	..	..	..
9. Poland	3.1	1.0	0.9	1.1
10. Romania	2.8	1.3	1.3	1.2
11. Slovakia	2.9	1.2	1.2	1.2
12. Slovenia	3.1	..	..	..
13. Turkey*	4.6	1.3	..	..
Western Balkans (EU non-accession)				
1. Albania	4.3	..	..	..
2. Bosnia and Herzegovina	3.6	..	..	..
3. Croatia	3.1	1.2	..	..
4. Macedonia	3.9	..	..	..
5. Yugoslavia (Serbia and Montenegro)	3.6	1.2	1.3	1.2
Eastern Europe* and Central Asia (CIS)				
1. Armenia	4.3	..	..	..
2. Azerbaijan	4.7	2.1	1.9	2.3
3. Belarus*	2.6	..	..	..
4. Georgia	3.8	..	..	..
5. Kazakhstan	3.4	..	..	..
6. Kyrgyzstan	4.3	..	..	..
7. Moldova*	2.6	..	..	..
8. Russian Federation*	2.8	..	..	..
9. Tajikistan	5.8	..	..	..
10. Turkmenistan	5.2	..	..	..
11. Ukraine*	3.2	..	..	..
12. Uzbekistan	5.1	..	..	..

Source: Column 1: UNECE, *The Statistical Yearbook of the Economic Commission for Europe*, 2003
 Column 2, 3, 4: Statistic Division of the UN Secretariat, *Millennium Indicators*, 2000

DWELLING STOCK AND CONSTRUCTION	Total number per 1000 inhabitants	Annual number of dwellings completed per 1000 inhabitants		Average size of dwellings (m ²)
		1990	2000	

Housing

Western Europe (EU plus three*)				
1. Austria	399	4.7	6.6	96.0
2. Belgium	..	4.3	4.6	133.1
3. Denmark	467	5.3	2.9	137.0
4. Finland	475	13.0	6.3	85.7
5. France	491	5.9	6.4	..
6. Germany	452	3.2	6.1	97.0
7. Greece	..	11.9	9.3	..
8. Iceland*	..	..	..	..
9. Ireland	327	5.6	13.2	70.2
10. Italy	..	3.6	3.0	..
11. Luxembourg	..	6.7	7.0	81.1
12. Netherlands	414	6.8	4.7	..
13. Norway*	427	6.4	4.3	127.0
14. Portugal	..	..	..	..
15. Spain	..	..	..	120.8
16. Sweden	..	6.8	1.7	92.6
17. Switzerland*	510	6.6	5.0	..
18. United Kingdom	..	..	..	..
Central and Eastern Europe plus three* (EU accession)				
1. Bulgaria	418	2.9	1.1	65.2
2. Cyprus*	417	14.0	7.6	144.8
3. Czech Republic	365	4.4	2.5	68.2
4. Estonia	430	4.8	0.5	109.5
5. Hungary	401	4.2	2.2	52.0
6. Latvia	391	5.0	0.4	92.4
7. Lithuania	353	5.9	1.2	70.9
8. Malta*	..	..	..	..
9. Poland	302	3.5	2.1	87.3
10. Romania	349	2.1	1.3	73.1
11. Slovakia	312	3.9	2.4	82.5
12. Slovenia	349	3.9	3.2	113.0
13. Turkey*	..	4.1	3.4	128.0
Western Balkans (EU non-accession)				
1. Albania	..	..	..	..
2. Bosnia and Herzegovina	..	..	..	..
3. Croatia	355	3.9	2.7	85.7
4. Macedonia	274	5.0	2.6	81.3
5. Yugoslavia (Serbia and Montenegro)	..	..	..	77.3
Eastern Europe* and Central Asia (CIS)				
1. Armenia	16,183**	4.9	0.7	71.0
2. Azerbaijan	13,123**	4.8	0.6	54.0
3. Belarus*	20,320**	8.4	3.9	45.9
4. Georgia	17,961**	2.1	0.3	100.0
5. Kazakhstan	16,200**	7.0	0.7	64.8
6. Kyrgyzstan	12,854**	5.1	1.0	62.0
7. Moldova*	346	5.4	0.6	51.8
8. Russian Federation*	18,355**	7.1	2.8	81.1
9. Tajikistan	10,377**	..	..	..
10. Turkmenistan	11,115**	..	..	90.3
11. Ukraine*	20,046**	6.2	..	50.5
12. Uzbekistan	13,281**	6.2	..	76.0

Sources: Column 1: UNECE, *Bulletin of Housing and Building Statistics for Europe and the North America*, 2000
Column 2, 3, 4: UNECE, *The Statistical Yearbook of the Economic Commission for Europe*, 2003

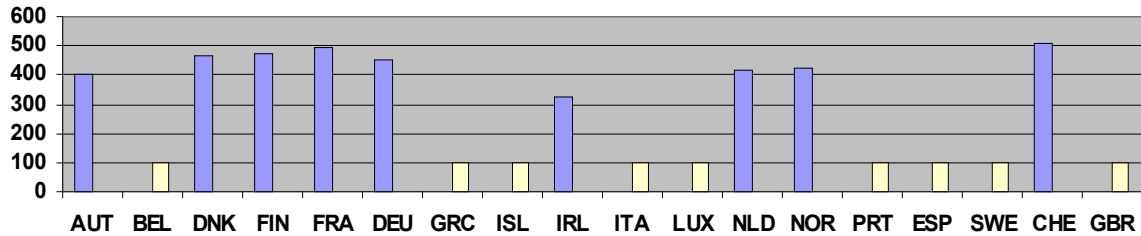
Note**: Data are expressed in sq. m.

TOTAL NUMBER OF DWELLINGS PER 1000 INHABITANTS: GRAPHIC PRESENTATION

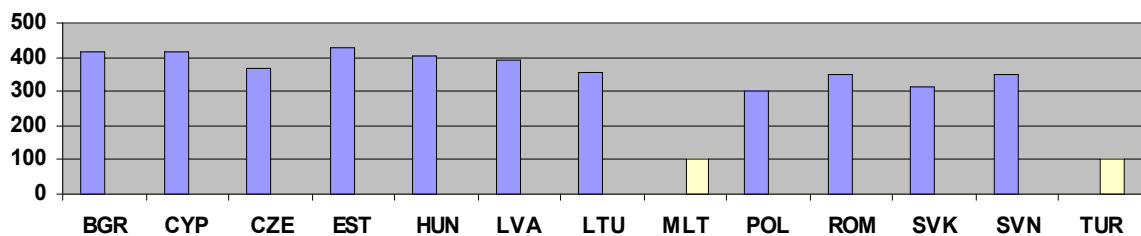
Yellow bar: Data not available

Housing

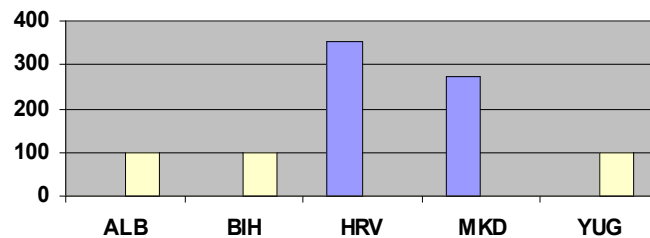
Group A: Western Europe (EU plus three)



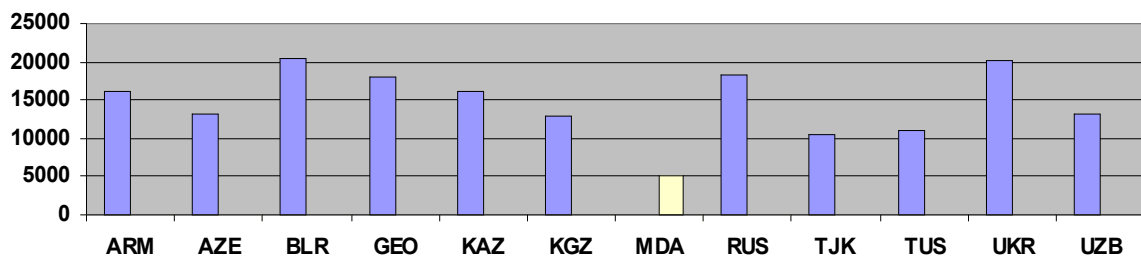
Group B: Central and Eastern Europe plus three (EU accession)



Group C: Western Balkans (EU non-accession)



Group D: Eastern Europe and Central Asia (CIS)**



Note** (Group D): Data are expressed in sq. m.

URBAN INDICATORS OF SELECTED CITIES	Average household size	Household connection level (%)			
		Water	Sewerage	Electricity	Telephone
1. Almaty (Kazakhstan)	3.6	93.3	88.3	100	85

Housing

2. Budapest (Hungary)	2.4	98	90	100	47
3. Minsk (Belarus)	3.3	..	..	..	..
4. Moscow (Russian Federation)	2.7	99.8	99.7	100	95
5. Prague (Czech Republic)	2.2	99.6	94	100	72
6. Riga (Latvia)	2.4	99	97	100	23
7. Sofia (Bulgaria)	2.6	98.9	98	100	70.3
8. Tallinn (Estonia)	2.4	99	95	100	59
9. Tbilisi (Georgia)	4.0	100	100	100	80
10. Vilnius (Lithuania)	2.7	95	94	100	32
11. Warsaw (Poland)	2.5	95	91	99	78
12. Yerevan (Armenia)	4.4	96.4	93.4	100	82

Source: UNCHS, *Global Urban Indicators*, 1998

KEY HOUSING AND CONSTRUCTION INDICATORS OF SELECTED CITIES	Privatization of housing	New housing completions (CAGR)	Construction activity by non-public entities
	%	%	%
1. Budapest (Hungary)	67.0	-10.5	89.6
2. Prague (Czech Republic)	58.9	-1.8	76.2
3. Riga (Latvia)	27.0	-51.3	45.6
4. Sofia (Bulgaria)	88.1	-22.4	41.4
5. Split (Croatia)	..	-39.6	2.8
6. St. Petersburg (Russian Federation)	27.0	-5.3	91.0
7. Tallinn (Estonia)	61.3	-29.1	9.7
8. Tbilisi (Georgia)	43.5	..	..
9. Vilnius (Lithuania)	80.4	-20.4	82.0
10. Warsaw (Poland)	45.9	11.0	86.4

Source: World Bank, *Urban Sector Brief*, 2000

Note: New housing completions CAGR (compound annual growth rate) calculations: Budapest, Prague and Tallinn (1990 to 1997), Vilnius (1990 to 1996), Split (1990 to 1992), St. Petersburg (1991 to 1997), Sofia (1990 to 1998).

Assistance

Increasing Demands and Steady Flows

The first years of the new millennium have confirmed the resolve, among the international community, developing partners and industrialized countries alike, to move decisively towards implementing the development frameworks and strategies called for to combat poverty, promote sustainable development and take full advantage of the potential benefits of inclusive globalization.

This resolve has been made manifest on several fronts. Poverty reduction strategies have been launched in many countries, and these first endeavors jointly assessed through inclusive reviewing processes. And new approaches, tools and operational guidelines have been devised to support development co-operation efforts and policies.

The challenge now is to engage in a sustainable and dynamic process of joint action, with a sense of both urgency and continuity and recognizing that we all live in one world. The success of such a process will necessitate action on good governance for all, as a condition for positive interdependence among partners; on consistency and coherence, as an instrument for interdependence among policies; and on the pursuit of strong performance, through capacity development in partner countries and enhanced and streamlined practices within the donor community. And, for all, strengthened results-based approaches and shared evaluations to augment the effectiveness of development aid. This represents a formidable challenge of mutual accountability.

Development Assistance Committee scope

The Development Assistance Committee (DAC) is one of the key forums in which the major bilateral donors work together to increase the effectiveness of their common efforts to support sustainable development. DAC is the principal body through which the OECD deals with issues related to co-operation with developing countries.

The most recent DAC figures show that Net Official Development Assistance (ODA) to developing countries by DAC members in 2002 was 58.27 billion USD. In real terms the flow was substantially changed from 2001: up 11.4 percent. There would have been even bigger rise if some countries had not been removed from the list of countries eligible to receive ODA. For third consecutive year Luxembourg joined Denmark, the Netherlands, Norway and Sweden as the only countries meeting the long-standing UN target for ODA of 0.7 percent of national income. Fourteen of the 22 member countries of the DAC reported a rise in ODA in real terms, while the average effort of DAC countries (the unweighted average of their ODA/GNI ratios) remained at 0.22 percent.²⁸

As a contribution to the discussion on the need for increased ODA, the Development Co-operation Report provides an analysis of the future demand and supply of aid, including

²⁸ OECD, *Development Cooperation Report*, 2003

Assistance

the call for a doubling of ODA to meet the Millennium Development Goals, set on the Millennium Summit. It examines the various estimates of the cost of meeting the MDGs and presents some of the basic arithmetic involved in a doubling of aid. It shows that a gradual rise in the ODA/GNI ratio from the present level of 0.22 to 0.32 percent by 2010 would, assuming real annual GNI growth of 2.5 percent in DAC member countries, raise real ODA levels by some 58 billion USD annually to 100 billion USD compared with 54 billion USD in 2000. ODA would double by 2012, at an ODA/GNI ratio of 0.34 percent.²⁹

The report responds to the current international debate on aid effectiveness and says that to effectively manage a doubling of ODA volume could take as much as ten years. Without a very much higher level of mutual accountability in donor-recipient relations than ever achieved in the past, aid increases will be neither justified nor realized. Effective performance monitoring based on quality data is essential. Proposals for large increases in aid are conditional on good governance, sound economic management and high quality national sector strategies, especially for health and education, in developing countries. But such improvements also depend on donors' commitment to the medium-term aid which will allow recipients to develop effective sector strategies and macroeconomic management. Hence effective demand for and effective supply of significant increases in aid are fundamentally interdependent.

The report outlines DAC's contributions to ensuring more effective aid. These include the agreement on untying of aid to least developed countries and the adoption of four new sets of guidelines - on poverty reduction and policy coherence; on sustainable development strategies; on conflict prevention; and on trade capacity development. The report also includes special chapters on how donors can assist countries in conflict, and on the way in which the knowledge economy and digital opportunities can bring a new development impulse.

European Union scope

The European Union is a major player in the development sphere and a largest single donor in the region of Europe and Central Asia. In addition, it is the source of approximately half of the public aid effort world-wide for many developing countries. The principal aim of the Community's development policy is to reduce poverty with a view to its eventual eradication.

The Community is determined to support poverty reduction strategies which integrate these many dimensions and are based on the analysis of constraints and opportunities in individual developing countries. These strategies must contribute to strengthening democracy, to the consolidation of peace and the prevention of conflict, to gradual integration into the world economy, to more awareness of the social and environmental aspects with a view to sustainable development, to equality between men and women and to public and private capacity-building.

²⁹ OECD, *Development Cooperation Report*, 2003

Assistance

OFFICIAL DEVELOPMENT ASSISTANCE FLOWS:	Provided from DAC members		Received	
	Net (mil. USD)	Share of GNI (%)	Per capita (USD)	Share of GNP (%)
Western Europe (EU plus three*)				
1. Austria	520	0.26	-	-
2. Belgium	1,072	0.43	-	-
3. Denmark	1,643	0.96	-	-
4. Finland	462	0.35	-	-
5. France	5,486	0.38	-	-
6. Germany	5,324	0.27	-	-
7. Greece	276	0.21	-	-
8. Iceland*	-	-	-	-
9. Ireland	398	0.40	-	-
10. Italy	2,332	0.20	-	-
11. Luxembourg	147	0.77	-	-
12. Netherlands	3,338	0.81	-	-
13. Norway*	1,696	0.89	-	-
14. Portugal	323	0.27	-	-
15. Spain	1,712	0.26	-	-
16. Sweden	1,991	0.83	-	-
17. Switzerland*	939	0.32	-	-
18. United Kingdom	4,924	0.31	-	-
Central and Eastern Europe plus three* (EU accession)				
1. Bulgaria	-	-	28	1.9
2. Cyprus*	-	-	..	..
3. Czech Republic	-	-	43	0.8
4. Estonia	-	-	62	1.8
5. Hungary	-	-	21	0.5
6. Latvia	-	-	40	1.6
7. Lithuania	-	-	34	1.2
8. Malta*	-	-	..	..
9. Poland	-	-	23	0.6
10. Romania	-	-	16	0.9
11. Slovakia	-	-	29	0.8
12. Slovenia	-	-	20	0.2
13. Turkey*	-	-	..	..
Western Balkans (EU non-accession)				
1. Albania	-	-	73	7.8
2. Bosnia and Herzegovina	-	-	..	..
3. Croatia	-	-	9	0.2
4. Macedonia	-	-	46	2.8
5. Yugoslavia (Serbia and Montenegro)	-	-	..	..
Eastern Europe* and Central Asia (CIS)				
1. Armenia	-	-	36	7.1
2. Azerbaijan	-	-	11	2.2
3. Belarus*	-	-	3	0.1
4. Georgia	-	-	30	4.6
5. Kazakhstan	-	-	13	1.0
6. Kyrgyzstan	-	-	46	13.8
7. Moldova*	-	-	8	2.0
8. Russian Federation*	-	-	7	0.4
9. Tajikistan	-	-	17	5.9
10. Turkmenistan	-	-	4	0.6
11. Ukraine*	-	-	8	0.9
12. Uzbekistan	-	-	6	0.8

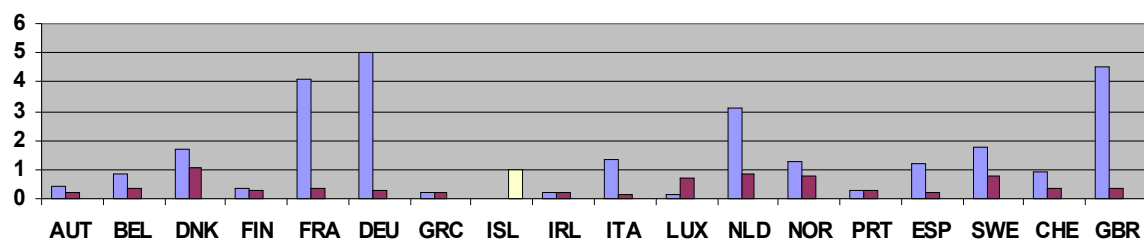
Sources: Column 1, 2: OECD, *Development Cooperation Report*, 2003
Column 3, 4: World Bank, *World Development Report*, 2001

Assistance

OFFICIAL DEVELOPMENT ASSISTANCE PROVIDED: GRAPHIC PRESENTATION

Blue bar: Net flow (bill. USD)
 Red bar: Share of donor's GNI (%)
 Yellow bar: Data not available

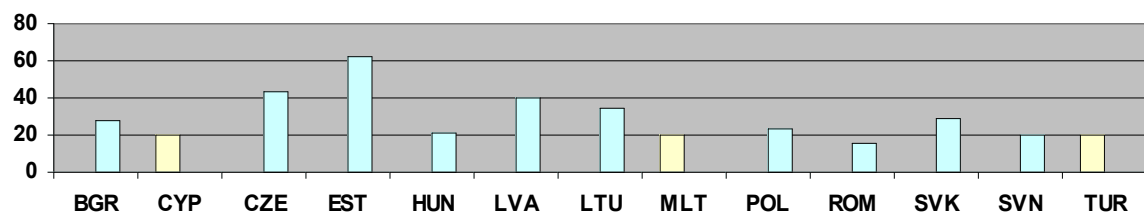
Group A: Western Europe (EU plus three)



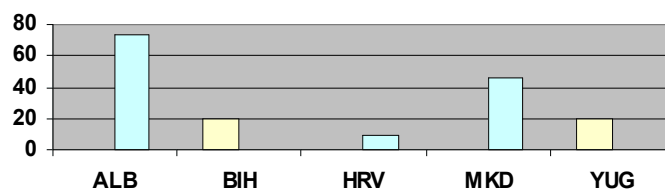
OFFICIAL DEVELOPMENT ASSISTANCE RECEIVED: GRAPHIC PRESENTATION

Green bar: Per capita (USD)

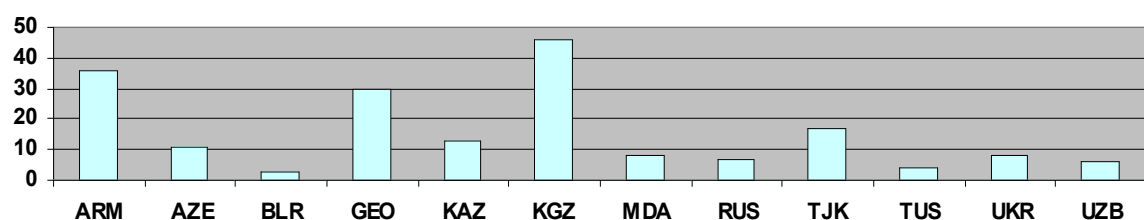
Group B: Central and Eastern Europe plus three (EU accession)



Group C: Western Balkans (EU non-accession)



Group D: Eastern Europe and Central Asia (CIS)



Assistance

DEVELOPMENT ASSISTANCE FINANCED ON EU COMMISSION BUDGET AND EDF	Total grants and loans (mil. EURO)	
	Commitments	Payments
Western Europe (EU plus three*)	-	-
1. Austria	-	-
2. Belgium	-	-
3. Denmark	-	-
4. Finland	-	-
5. France	-	-
6. Germany	-	-
7. Greece	-	-
8. Iceland*	-	-
9. Ireland	-	-
10. Italy	-	-
11. Luxembourg	-	-
12. Netherlands	-	-
13. Norway*	-	-
14. Portugal	-	-
15. Spain	-	-
16. Sweden	-	-
17. Switzerland*	-	-
18. United Kingdom	-	-
Central and Eastern Europe plus three* (EU accession)		
1. Bulgaria	308.42	85.21
2. Cyprus*	1.70	2.28
3. Czech Republic	196.13	93.52
4. Estonia	75.00	42.04
5. Hungary	248.23	144.93
6. Latvia	104.58	48.81
7. Lithuania	170.81	46.50
8. Malta*	6.00	1.57
9. Poland	964.08	236.02
10. Romania	654.88	152.09
11. Slovakia	128.48	56.79
12. Slovenia	72.14	29.82
13. Turkey*	343.38	35.38
Western Balkans (EU non-accession)		
1. Albania	35.25	80.49
2. Bosnia and Herzegovina	149.35	212.75
3. Croatia	23.33	12.53
4. Macedonia	78.43	86.74
5. Yugoslavia (Serbia and Montenegro)	748.10	510.98
Eastern Europe* and Central Asia (CIS)		
1. Armenia	17.80	13.11
2. Azerbaijan	25.36	21.84
3. Belarus*	0.41	1.60
4. Georgia	15.26	14.93
5. Kazakhstan	0.89	5.21
6. Kyrgyzstan	10.10	16.29
7. Moldova*	6.20	5.76
8. Russian Federation*	72.91	105.49
9. Tajikistan	20.00	13.74
10. Turkmenistan	..	2.77
11. Ukraine*	64.12	77.75
12. Uzbekistan	10.00	11.62

Sources: EU, *Annual Report on the Implementation of the European Commission's External Assistance*, 2001

DEFINITIONS:

Access to safe water

Measured by the number of people who have a reasonable means of getting and adequate amount of clean water, expressed as a percentage of the total population. It reflects the health of a country's people and the country's ability to collect, clean, and distribute water. In urban areas "reasonable" access means there is a public fountain or water spigot located within 200 meters of the household. In rural areas, it implies that members of the household do not have to spend excessive time each day fetching water.

Access to sanitation

Refers to the share of the population with at least adequate excreta disposal facilities that can effectively prevent human, animal, and insect contact with excreta. Suitable facilities range from simple but protected pit latrines to flush toilets with sewerage. To be effective, all facilities must be correctly constructed and maintained.

Developing country

Low- and middle-income countries in which most people have a lower standard of living with access to fewer goods and services than do most people in high-income countries. There are currently about 125 developing countries with populations over 1 million; in 1997, their total population was more than 4.89 billion.

GDP (Gross domestic product)

This entry gives the gross domestic product (GDP) or the total unduplicated output of economic goods and services produced within a country in a given year, as measured in monetary terms according to the United Nations System of National Accounts (SNA). GDP dollar estimates are derived from purchasing power parity (PPP) calculations.

GNP (Gross national product) or GNI (Gross national income)*

The value (in USD) of a country's final output of goods and services in a year. The value of GNP can be calculated by adding up the amount of money spent on a country's final output of goods and services, or by totaling the income of all citizens of a country including the income from factors of production used abroad. *Note:* Please see the Change in Terminology paragraph.

GNP per capita

The dollar value of a country's final output of goods and services in a year (its GNP), divided by its population. It reflects the average income of a country's citizens. Knowing a country's GNP per capita is a good first step toward understanding the country's economic strengths and needs.

High-income country

A country having a Gross national income (GNI) per capita equivalent to 9,266 USD or more in 1999. Most high-income countries have an industrial economy. There are currently 50 high-income countries in the world. Their combined population is about 0.9 billion, less than one-sixth of the world's population.

Low-income country

A country having an Gross national income (GNI) per capita equivalent to 755 USD or less in 1999. The standard of living is lower in low income countries. There are few goods and services; and many people cannot meet their basic needs. There are currently about 64 low-income countries. Their combined population is more than 2.4 billion.

Middle-income country

Gross national income (GNI) per capita equivalent to more than 756 USD but less than 9,265 USD in 1999. Middle-income countries are divided into lower-middle-income, 756-2,995 USD; and upper-middle-income, 2,996-9,265 USD countries. The standard of living is higher than in low-income countries, and people have access to more goods and services, but many people still cannot meet their basic needs. There are currently about 93 middle-income countries. Their combined population is more than 2.7 billion.

ODA (Official development assistance)

This entry refers to net official development assistance (ODA) from OECD nations to developing countries and multilateral organizations. ODA is defined as financial assistance that is concessional in character, has the main objective to promote economic development and welfare of the less developed countries, and contains a grant element of at least 25%. The entry does not cover other official flows or private flows.

PPP (Purchasing power parity)

A method of measuring the relative purchasing power of different countries' currencies over the same types of goods and services. Because goods and services may cost more in one country than in another, PPP allows us to make more accurate comparisons of standards of living across countries.

Poverty line

An income level that is considered as minimum sufficient to sustain a family in terms of food, housing, clothing, medical needs, and so on.

Poverty, consumption expenditure less than one international dollar per day

The proportion of people below 1 USD a day is the percentage of the population with average consumption expenditures less than 1.08 USD a day measured in 1993 prices converted using purchasing power parity (PPP) rates. The 1.08 USD a day standard was chosen to be equal to the median of the lowest ten poverty lines among a set of low-income countries.

*** Note: Change in Terminology**

Following current statistical practice, the World Bank has recently adopted the new terminology in line with the 1993 System of National Accounts (SNA). The changes in terms are listed below.

Previous terminology:

Gross national product, GNP
GNP per capita
Private consumption

New terminology:

Gross national income, GNI
GNI per capita
Household final consumption expenditure

ABBREVIATIONS:

Organization abbreviations:

UN:	United Nations
UNHSP (UNCHS):	United Nations Human Settlements Programme (Formerly: United Nations Centre for Human Settlements)
UNDP:	United Nations Development Programme
UNECE:	United Nations Economic Commission for Europe
WB:	World Bank
ILO:	International Labor Organization
OECD:	Organization for Economic Cooperation and Development
DAC:	Development Assistance Committee
EU:	European Union
EDF:	European Development Fund
CIS:	Commonwealth of Independent States
CIA:	Central Intelligence Agency

Country abbreviations (according to World Bank):

Western Europe:

1. Austria	AUT
2. Belgium	BEL
3. Denmark	DNK
4. Finland	FIN
5. France	FRA
6. Germany	DEU
7. Greece	GRC
8. Iceland	ISL
9. Ireland	IRL
10. Italy	ITA
11. Luxembourg	LUX
12. Netherlands	NLD
13. Norway	NOR
14. Portugal	PRT
15. Spain	ESP
16. Sweden	SWE
17. Switzerland	CHE
18. United Kingdom	GBR

Central and Eastern Europe plus three:

1. Bulgaria	BGR
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Annex

2. Cyprus	CYP
3. Czech Republic	CZE
4. Estonia	EST
5. Hungary	HUN
6. Latvia	LVA
7. Lithuania	LTU
8. Malta	MLT
9. Poland	POL
10. Romania	ROM
11. Slovakia	SVK
12. Slovenia	SVN
13. Turkey	TUR

Western Balkans:

1. Albania	ALB
2. Bosnia and Herzegovina	BIH
3. Croatia	HRV
4. Macedonia	MKD
5. Yugoslavia (Serbia and Montenegro)	YUG

Eastern Europe and Central Asia:

1. Armenia	ARM
2. Azerbaijan	AZE
3. Belarus	BLR
4. Georgia	GEO
5. Kazakhstan	KAZ
6. Kyrgyzstan	KGZ
7. Moldova	MDA
8. Russian Federation	RUS
9. Tajikistan	TJK
10. Turkmenistan	TUS
11. Ukraine	UKR
12. Uzbekistan	UZB

Signs being used:

*	Note
..	Data not available
-	Data not applicable
<	Less than

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