

RESEARCH ARTICLE

(Open Access)**Planning, Why Bother?! Does Urban Planning Really Matter for Economic Development?-Case of the Municipality of Shkodra**FLAMUR KUÇI¹, ANDREA MALIQARI², FATBARDH SALLAKU^{3*}¹MA in Urban Management, Faculty of Architecture and Urban Plannig, Polytechnic University of Tirana, Tirana - Albania²Faculty of Architecture and Urban Plannig, Polytechnic University of Tirana, Tirana - Albania³Faculty of Agriculture and Environment, Agricultural University of Tirana, Tirana - Albania**Abstract**

The entry point of this research is that the economic performance of the city is, to a certain extent, influenced by the performance of the urban planning system. In the case of the Municipality of Shkodra, Economic development is seen as the purpose that Urban Planning should serve at. Statutory planning is not responding adequately to the urban dynamics especially to the need for the local governments to take actions to cope with the challenges as sustainable development, equity and problems related to the urban poor. Local economic development is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community. Planning local economic development is seen as a set of actions planned to reach the objective (LED) therefore some how the two concepts Urban Planning and Economic Development are not independent and, depending on what angle you look at, they form part of each other. The low performance of the urban planning system is accentuated by the fact that the existing planning has never stimulated any opportunity of entering in partnership for stimulating a better environment for business and unemployment reduction. Finally the research advocates for an urban planning system that would be inspiring instead of obtrusive, should aim at guiding instead of seeking to stubbornly control the development.

Keywords: Urban planning, economic development, infrastructure.

1. Introduction

The paper is presented at the 48th IFHP World Congress in Oslo 'Governance for Urban Change'. In the context of decentralization process in Albania, where the local government is going to play a significant role in the urban and economic development process, this research aims to contribute modestly in developing models and tools that would lead in a better performance of the urban planning system. The research intend to (i) investigate the underlying factors that hamper the economic development of the city of Shkodra, (ii) to establish the link of these factors with the urban planning system and (iii) to recommend potential interventions that would stimulate a synergy between urban planning, decision-making, urban governance and economic development.

2. Material and Methods*2.1. Theoretical Framework*

The main concern of the research is focusing on the relevance of the Urban Planning on Economic Development process. The entry point of this research is that *the economic performance of the city is, to a certain extent, influenced by the performance of the urban planning system*. Therefore, the research starts from the hypothesis that; *the economic development of the Municipality of Shkodra is hindered by, mainly poor infrastructure as urban planning system is limited in value in promoting good infrastructure*. Therefore it will be crucial to translate the concept in few simple elements and indicators.

Obviously the taxes are the main source for the public income therefore for the public investments, which most of the time is translated in better infrastructure improving the physical conditions of the city and increasing the attractiveness of the city for

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more investments. The city faces serious problems in terms of economic growth when these elements are missing or face difficulties to cope with the needs. However, the issue is whether this circle is influenced or not through an effective planning system. Therefore is indispensable to elaborate a little bit on the concept of urban planning.

Davidson in his remarkable article ‘Planning for performance’ (1996) looks at urban development planning *as a key tool of urban management.that helps o answer the question what? where? when? by whom? and how? urban development should take place.* The urban planning serves to a purpose. As Davidson continues in the same article *Urban planning should have a purpose. We do it so that a town can develop in an orderly or beautiful way. We do it so the infrastructure and services can be efficient and affordable. We do it to protect people and*

sensitive areas form environmental hazards. We may plan to promote equity. (Davidson 1996)

In the case of the Municipality of Shkodra, Economic development is seen as the purpose that Urban Planning should serve at. Different authors look at the planning as more closely related to either environmental issues or issues related to land use. Describing the British town planning system, in its article ‘From Town Planning to Environmental Planning’ a contribution in the book ‘Town Planning into the 21st century’ edited by Blowers and Evans, Evans (1997) says *town planning emerged out of particular cultural, political and economic circumstances as a form of land use control which is quite different form the systems emerged elsewhere.* In the same book other authors are cited. (Blowers and Evans 1997).

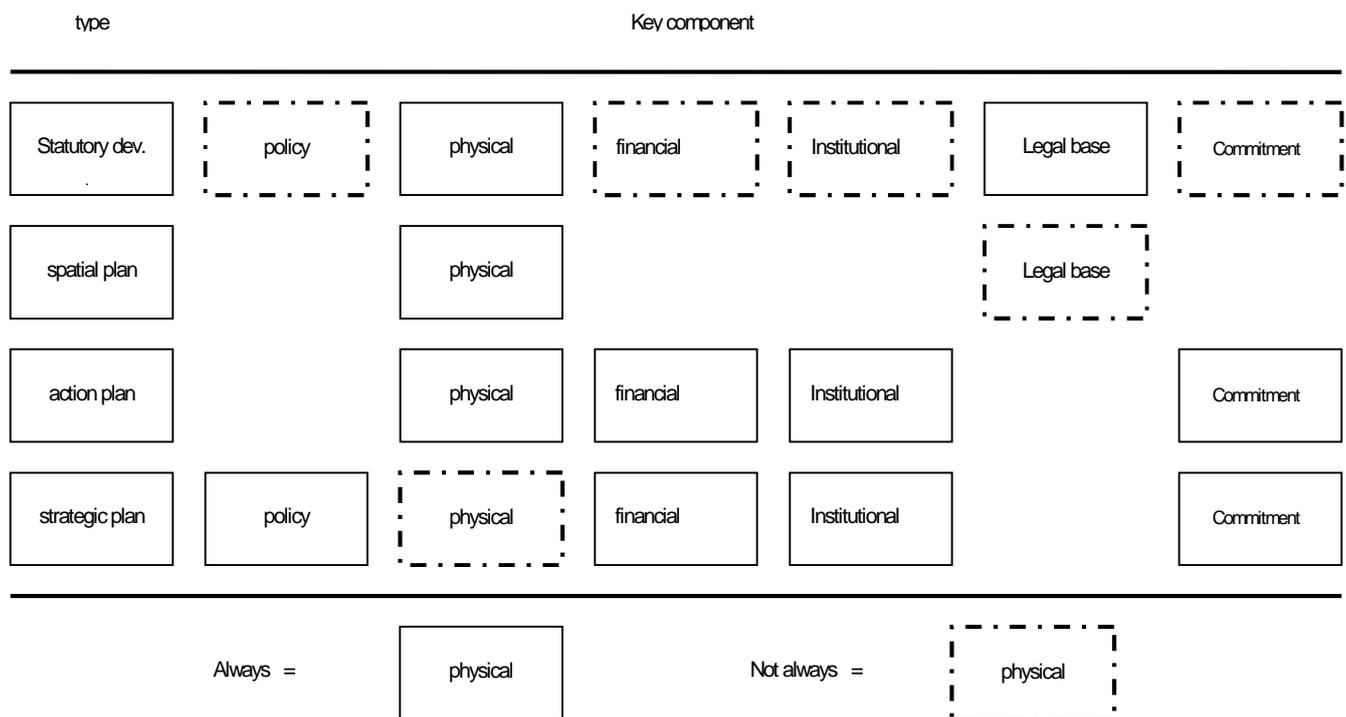


Figure 1. Relationships between components of different forms of planning

Statutory planning is not responding adequately to the urban dynamics especially to the need for the local governments to take actions to cope with the challenges as sustainable development, equity and problems related to the urban poor. Nientied and Zaaijer in their article in the book *Urbanization: Its Global Trends, Economics and Governance*, observe that *‘in many cities, an overall urban strategy is lacking. Planning is still based on rigid long-term*

physical planning, or it is not realistic in the sense that there are no funds to achieve the target outcomes.’ (Hjerppe and Berghäll 1998)Therefore we can realize a certain tendency to move toward some more flexible types of planning.

When looking at the urban planning system, one should look at the components of it. Davidson (1996) identifies six important components of the urban planning system that would eventually make planning

a tool to influence decision making and serve to the urban management purpose.

Local economic development is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community. "Community" is here defined as a city, town, metropolitan area, or sub national region. (World Bank 2004)

This is the definition of the World Bank on the Local Economic Development. We can easily realize that the definition is quite broad. However, the main pillars are 'economic growth' and 'quality of life'. Of course the definition rightly makes a clarification on the level of community taken in consideration.

Similar is also the definition given in the LED Premier 'Local Economic Development (LED) is the process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all'. (World Bank, The Bertelsmann Foundation et al. 2003). Here the employment element is added.

World Bank and DIFID in their joint Reference Guide to LED try to answer the question 'what is local economic development' as follow; '*The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.*' (World Bank and DFID 2003)

Blakeley (2002) in his 3rd edition of the book 'Planning Local Economic Development' admits that '*Creating new jobs and developing human capacity are not easy tasks. Local institutions have little authority and few resources to embark on economic planning. Clearly, sub national policy makers have little capacity to directly intervene in a new, globally based economic structure. But they can work to align human and natural resources of their community to match both global and regional markets, and they can strive to create new jobs, that fit both the people and the place.*' (Blakeley and Bradshaw 2002)

Obviously economic development is not a process that happens independently. In order to happen, economic development requires a responsive

attitude from the institutions. Zaaijer (1998) while studying the institutional response to the economic restructuring of Bulawayo, observe that '*the adoption of a city's economy to a changing context cannot be left to the market. Many economic development needs have strong public-good attributes (infrastructure, education), thereby creating a rationale for government involvement. Likewise decisions to be made in guiding structural economic change are of too strategic nature to be left to individual firms, or groups of firms.*' (Zaaijer 1998)

What is the relation with urban planning (?) is a natural question that derives from all said above. Several authors as well as World Bank agree that the economic development is all about processes. Levy (1988) observes '*In a community which faces a serious unemployment problem, economic development may be a major task of the planners. Much of their effort may be devoted to creating conditions which encourage existing industry to remain and expand and new firms to locate within the community.*' (Levy 1988)

Planning local economic development is seen as a set of actions planned to reach the objective (LED) therefore some how the two concepts Urban Planning and Economic Development are not independent and, depending on what angle you look at, they form part of each other.

3. Results and Discussion

Albania is one of the countries that experienced one of the most orthodox socialist systems in the Eastern Europe. In the 1990 Albania too was influenced by the political, social and economic changes that brought down the iron curtain in Eastern Europe. Thus, Albania started on the difficult and new road of transition, but rather in a very chaotic manner and even with severe setbacks such as the 1997 social unrest caused by the collapse of the fraudulent pyramid schemes. In the last 13 years Albania went through important and significant reforms and processes that marked the transition period;

3.1. Privatisation

The privatization process started also in the early transitional phase. Probably the process that impacted most the urban development process was the process of Land privatization, started since 1991. McAuslan comparing the impact of this process with the '*US-driven land reforms in Japan and Taiwan in the late 1940s and early 1950s and the land reforms*

introduced by Gamel Nasser in Egypt in the mid 1950s' (McAuslan 2003) brinks in interestingly two characteristics of the development of the land relations; *'the first is the creation of a nation of smallholders – owners of small farms held in freehold tenure brought about by Law 7501. Whatever the deficiencies of the content and implementation of this law the fundamental socio-economic revolution brought about by this law cannot be underestimated'* (McAuslan 2003) and *'the second characteristic and one that is directly related to the first is the exuberant urban development and rapid growth of a land market that has taken place. While this urban development has not been universal throughout the country – there has been more in Tirana and the south of the country than in the north – it is a striking testimony to the effect of private ownership of land, the existence of a market for land and access to the necessary financial resources to bring about urban development'* (McAuslan 2003).

In 1993 the GoA undertook the initiative of privatizing almost the entire housing stock. Of course this impacted also quite considerably on the feverish process of urban development.

3.2. Urban development

Albania was historically one of the lowest urbanized countries in Europe with only 30% urbanization in 1990. After the political, social and economic changes of 1990 also the patterns of the urban development changes. The government showed hardly any effort to coordinate and regulate the process of migration of population. As a result the western and especially the central part of Albania are experiencing a rapid and dynamic process of urbanization (the extreme case is the capital city, Tirana, with an annual rate of 7%), while the east mountainous part of Albania is under an almost completely neglected. One can easily realize the externalities of an uncoordinated and not regulated urbanization process. The cities are growing in inefficient way in terms of land use. They are facing huge problems of infrastructure provision and irregular development is almost the rule and not the exception. On top of this is striking the inability of the authorities to cope of the situation and mobilize local resources for solid and consistent public investments. Only recently, the Mayor of Tirana has undertaken controversial but interesting initiatives that might bring a change in the urban development process in Albania.

3.3. Urban planning in transition

The remarkable political economic and social changes of the last 13 years, following the fall of the Berlin Wall and the iron curtain of the east European countries, had obviously striking impact on the urban planning system. With the early '90 collapse of the economy, the rapid change of the economic and political priorities, different social issues to deal with new challenges were putted in place. This required also the urban planning system chain to go through a transition period toward a more responsive and flexible system, shifting from a reactive into a more proactive role.

Pre 1990 vs after 1990. Albania shifted very rapidly from a situation where the 'state is responsible for everything' into a 'non-responsible' (and sometimes irresponsible) state. Indeed the challenges putted forward by the shift from 'providing' into 'enabling' role of the government were not taken over.

Nientied and Zaaijer (1998) observe that *'an expression used frequently for advocating urban investments in economic and social development, the city is described as an "engine of economic growth"'. Albanian urban planners continue to look at cities as a 'set of buildings' rather than to 'centers of intense social-economic activities'.*

3.4. Analysis

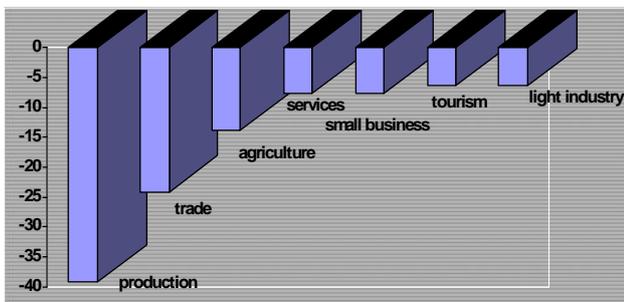
In 1990 the MoSh had 80,000 residents. According to INSTAT, (INSTAT 2004) based in the national population registration Shkodra has 100,000 residents. Before 1990 Shkodra used to be one of the biggest industrial and agricultural potential of the country, having a considerable share in the national gross product of Albania. Especially in the last ten years the region has lost part of its social and economical importance and attractiveness facing also big shortage in infrastructure. Nowadays decline and deprivation is the pattern of the latest developments.

Economic development in Shkodra. It is observed that the region suffers a rapid decline after the collapse of the centralized economic system. *The unemployment situation in the district of Shkodra is a lot more severe than in Tirana because: (i) the number of unemployed is at least almost equal, while the urban population of the district of Tirana is approximately 4 times higher than in Shkodra; (ii) employment rates in the district of Shkodra are approximately 4.5 times lower than in Tirana, and the lowest compare to all the rest of the districts* (UNDP 2004)

According to the Municipal sources only 10% of the total population is working, and the majority of them are employed in the government enterprises. The official figures suggest a very high rate of unemployment of almost 28% on a district level and almost 38% in the city level. What is also striking is the very high rate of unemployment among female; 61%.

According to the MoSh the private sector in the city of Shkodra employs less than 5,000 workers, while retired people receiving a modest retirement pension or invalidity assistance amounts at more than 23,000. Almost 2/3 of the registered unemployed are under the age of 34, according to official figures of the Labor and Social Assistance Office.

It is, however, interesting to look at the share of different sectors of the economy of the city. Even though the analysis is not complete, as long as the judgment is done based on the number of companies rather than on the turnover and employment capacities of these companies, the graph still gives a hint on the activities of major importance in the city of Shkodra. This support the argument of the research that the city of Shkodra is relying on a survival economy rather in an aggressive and ambitious one. On the other hand the city has not specialized in any particular product like tourism or production.

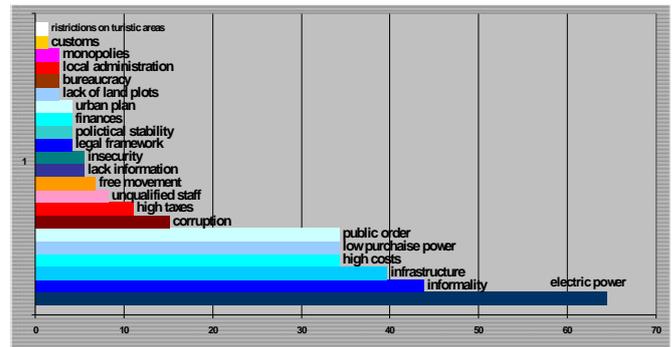


source(FLAG, World Bank et al. 2004)

Figure 2. Decline of sectors

The bottom line is that the city of Shkodra is facing a rapid decline after the collapse of the economy in early '90, with unemployment rising at an alarming rhythm. The city is shifting from one of the most important cities for the Albanian economy in a peripheral city neglected by the central authorities. The economy is not yet able to cope with the dynamic changes, competition with foreign products and with other regions. However, the city still manages to attract new residents, mainly due to the general pattern of the urbanization process. This constitutes an opportunity for the city. The city has, however, lot of opportunities. Therefore we are not dealing with a

dead city. We rather deal with the city in difficulties, that should reshape its actions in order to reposition itself in the regional economy.

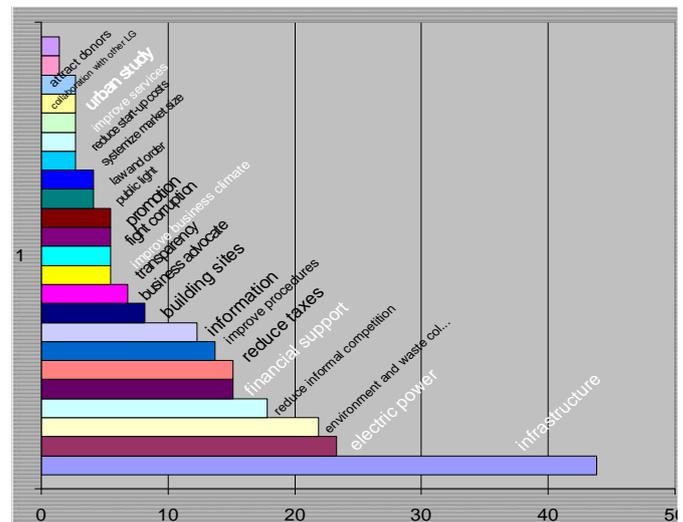


adopted after DELTA survey (FLAG, World Bank et al. 2004)

Figure 3. Factors obstructing the business growth

It is a bit surprising that infrastructure is not seen as the most important obstacle. However, the local government has a very insight look at the problems as long as five elements out of seven are very closely related to the municipal activities. Indeed the Municipality of Shkodra identifies as the most crucial obstacles in their job the lack of a shared strategy and most importantly the lack of financial and other resources to cope with the situation, due to the slow process of decentralization.

However, scarce infrastructure, in a larges sense, remains one of the crucial factors seen as obstacles for a stimulating environment for business development. The issue becomes very relevant to the research as long as one of the main responsibilities of the Local Government is the infrastructure provision. Indeed one of the tools the Local Government has in hand to raise the attractiveness of the city for the investors and business activities.



adopted after Delta survey (FLAG, World Bank et al. 2004)

Figure 4. Expectation from the LG

It is interesting that the businesses consider high the existing taxes on businesses. However, is not clear whether they refer to local or national taxes. Basically businesses do pay services taxes locally and turnover and VAT taxes as national taxes. According to the decentralization strategy, in order to allow the local government to generate more local resources, the small businesses taxes will be collected and administered by the Municipality.

What does this all mean? Does it mean that the urban planning at the moment is not addressing issues that the private sector is interested in? Does it mean that there is not enough awareness that urban planning could address issues related to the business environment and used to build partnerships and stimulate local economic development? Most importantly *what all has got to do with urban planning?*

At this point would be essential to analyze the urban planning system in order to understand whether the problems identified above can be addressed through a better urban planning system.

4. Conclusion

At this point some questions emerge;

How does the urban planning perform at the moment in the Municipality of Shkodra?

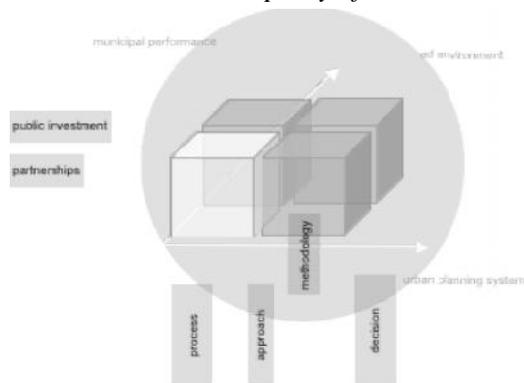


Figure 5. Assessment of the Planning System in MoSH

The efforts of this research have been focusing in trying to estimate the performance of the urban planning system in the Municipality of Shkodra. The perception not only of the private sector but also several the actors involved in the process of urban economic development is that urban planning performs quite low. Also some local authorities and administrators share the view. Indeed the significant changes in the entire governance system as well as in the economic structure of the region have putted forward challenges on the government authorities of

several levels as well as on the urban planners. However, the urban planning was not subject to any serious and profound reform, therefore it inherited the same attitude toward the development, aiming at controlling it rather than trying to influence.

The low performance of the urban planning system is accentuated by the fact that the existing planning has never stimulated any opportunity of entering in partnership for stimulating a better environment for business and unemployment reduction. Indeed the existing urban planning system does not provide outstanding opportunities for taking in serious consideration the comments of several interests groups, even less of the private sector. Strategic thinking and involvement of economic development concepts are missing in the conventional methodology.

Can the local authorities use urban plans as a good tool in their hand to make appropriate decisions to influence the economic performance of the city?

Does it the urban planning influence the urban development process? And how?

Doe the existing urban planning system has any relevance to the efforts for the economic development of the Municipality of Shkodra?

The answer is simple and clear; not in the current form. Basically this is the entire argument of the research. In the current way urban planners tend to work; planning can not have a significant influence on the economic development process. The tools to control the development have been reduced in the transition period. In fact the requirement toward urban planning is to serve as guidance and inspiration for all actors involved in the urban development process in order to commit the effort, the resources and the contribution of different players. Obviously, as the scheme emphasize, the concept is useful especially when the government is not the only player. The government has to realize the implication of shifting from a *doer* in first place into an *enabler*.

Additionally it is emphasized that prior to 1990 the Albanian urban planning system was based in two major components; (i) allocation (ii) regulatory. With the limitation of the financial resources after the collapse of the economy, the allocation component lost the importance. Thus, nowadays the urban planning emphasizes the regulatory aspect. The paradox is that while this role is emphasized the reality is very different with the phenomenon of irregular developments marking the transitional period.

The research argues that the existing system of urban planning is very much *spatial/statutory* oriented. This does not necessarily represent a problem. The issue is that the economic performance of the Municipality of Shkodra put forward the urban planning system the challenge of exploring tools and ways to improve the environment of doing business. The research supports the involvement of more *action/strategic* thinking as well as incorporating *economic* and *social* aspect in the urban planning process.

In conclusion due to the lack of resources, is mainly reacting to the coming problems rather than taking a proactive role. Probably the most crucial concern of the research is *the link between the problems that the private sector and other actors involved in the local economic development process are facing*. In fact the focus is on *the role of the urban planning in the climate and environment for business development that would ultimately influence the local economic development*. The sad simple true is that the existing urban planning system in place does not help. The reason for that is;

- The very narrow minded approach used, which addresses only issues related to land use, rather than addressing economic and social development issues. Plans do not address issues like *what should be done to economically and socially develop the city? What actions need the municipality to take in order to create a stimulating environment for LED? What should be done to mobilize the needed resources?*

- The urban planning is very statutory and regulatory instead of having a more strategic thinking in the background. The Government needs to reshape its role in the new context where is only one of the players in the process. The redefinition of the government role from a *'provider'* into an *'enabler'* calls for new management and negotiating skills of the authorities.

Another crucial finding of the research would be that the urban plans are not genuine part of the local strategies for economic development. *Why the current Urban Planning system can not cope with the issue of economic development?* The research would argue that there is a huge discrepancy between the perception of urban planning by conventional Albanian planners and the concept of planning local economic development. The contemporary concept of

planning advocates for a more proactive urban management as opposed to the reactive and routine based administration.

Is it worth to plan? Should we bother planning? Does Urban Planning really matter for economic development?

We are about to answer the first question the reader came across in this research. The case of Shkodra shows significantly that urban planning and economic development have a lot in common. Indeed the major issues like infrastructure, taxes, information, promotion, mobilizing of financial and human resources, require a responsive urban planning system in place. The case of Shkodra shows mostly that a slow, rigid, passive, non participative that does not address issues in a strategic manner, can not stimulate an inviting environment for business development, employment creation, quality of life and ultimately economic development of the region.

Finally the research advocates for an urban planning system that would be *inspiring* instead of *obtrusive*, should aim at *guiding* instead of seeking to stubbornly *control* the development. Indeed actors that should have a say and stake in the urban development process should be guided by the urban plans rather than controlled by them. Additionally more *action* oriented and more *strategic* thinking is needed as opposite of *statutory physical* planning. Indeed urban planners should not look at cities as just *set of buildings*; they should stimulate opportunities created by these *engines for economic and social growth*. Last but not least we should not allow the system to be an exclusive of only planner. We should rather open the doors to other actors and groups of interests, and look at them as an opportunity for enriching the process as well as the product.

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