



# **National Report Islamic Republic of Iran**

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Draft Report

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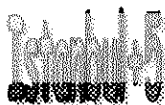
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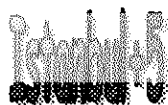
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## INTRODUCTION

### TOWARDS A SUSTAINABLE PROCESS OF DEVELOPMENT

By the end of 1990s, governments of the world underlined the importance of development in a new perspective: the balanced relationship between socioeconomic, environmental and spiritual aspects of human settlements, in other words, sustainable development. The colossal task of reaching a consensus on goals, definitions, and commitments was successfully accomplished in the 1996 Habitat II Conference, producing the *Habitat Agenda*.

The challenge facing the international community since 1996 is implementing the *Habitat Agenda*, for which a absolute commitment and zealous efforts are essential, not only by Member States, but by all stakeholders, at all levels. The *Istanbul + 5* special session is thus a great opportunity to share experiences and views on such an important undertaking.

Islamic Republic of Iran has a lot to share in this regard. Despite all the problems the country has faced in the years following the adoption of *Habitat Agenda*, the effort towards its implementation has never ceased. This can be attributed to the sustainable process of development in the country. Much time and effort has been allocated to make the process sustainable, and here lie the most significant lessons which we hope we can share with the international community.

This report is the outcome of numerous contributions, to the extent that almost each sentence can be attributed to a different contributor, although The National Habitat Committee drafting team has done the actual drafting. It is the hope of all those who have collaborated on the preparation of this report that the information presented here will be shared by all stakeholders in the process of worldwide sustainable development.

## CHAPTER ONE

### SHELTER

Despite the macroeconomic problems during the years following the adoption of *Habitat Agenda*, significant progress has been made in addressing shelter issues especially in terms of housing provision policies affecting supply / demand mechanisms.

Following the change in housing supply policies, indicators such as the mean built area and the mean plot area per dwelling have decreased, allowing a substantial increase in the quality of housing, as described by the relevant indicators. During the 1986-1996 period, the number of households per housing unit has decreased from 1.17 to 1.15.

The shift in shelter provision policies supporting more private sector contributions in housing production and increasing access to credit, has had a great impact on shelter provision in Islamic Republic of Iran. Nevertheless, housing expenditures in total household expenditures has somewhat increased, indicating a major challenge in reaching the low-income population.

#### Trends and Conditions

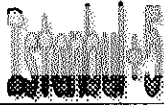
##### 1. Security of tenure

An observed trend in both rural and urban areas has been a constant decrease in private ownership replaced by private tenancy in the past years. The table below shows major tenure types in rural and urban areas.

	Owned land and building	Owned building	Private rental	Public housing	Rent free	Other	Not stated	Total
Urban	62.2	4.5	20.9	2.6	8.4	0.4	0.9	100
Rural	80.7	2.8	5.4	2.4	7.3	0.3	1	100
Country	68.8	3.9	15.4	2.5	8.0	0.4	1	100

Table 1 Percentage of households by tenure type- data from 1996 census

It should be noted that the percentage is calculated based on data for settled households, and it does not reflect 38,940 unsettled households (3.14% of total population) who have two or more campsites rather than a



single settlement. This percentage has constantly decreased as they choose to settle and develop a rural settlement.

Public Housing is usually provided for government employees, (against service) although under a recent initiative some 40,000 dwellings are under construction for low-income tenancy.

## 2. The right to adequate housing

As the right to adequate housing has been recognized in article 51 of the constitution of Islamic Republic of Iran, there is a general tendency in Iranian legislation to support housing rights. The Civil Law in particular protects the household who occupies a dwelling for more than 30 days against evictions.

Under an initiative started in 1994, official property documents are issued for all settlements with a population of over 400 households. The Third National Development Plan (1999-2004) aims at settlements with 200 households, with further provisions for solving property right claims.

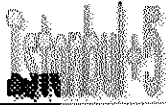
In order to cope with the increased demand for private tenancy, a tax exemption is included in the fiscal legislation, for private rental dwellings with less than 120 square meters, while unoccupied dwellings are subject to additional taxes.

There are no discriminations for taking mortgage or owning land for Iranian subjects, and the inheritance of property is on an equitable basis. Thanks to some legal provisions, women can claim for up to half the household property in case of divorce.

Nevertheless, there is a wide difference between the price of affordable housing in different cities. The ratio of the price of a 100 square meter dwelling to the average annual household net income varies between 10.3 for the capital city of Tehran, 5.1 for the Metropolitan city of Mashhad and 3.1 for the medium-sized city like Yazd. For a similar dwelling in the same cities, the ratio of annual rent to the average annual household net income is 0.4, 0.2, and 0.16 respectively. A deposit between 80% to 215% of the annual rent is usually required prior to renting.

## 3. Access to land

Pursuant to the revised 1988 *Urban Land Law*, which tries to promote equal access to urban land, urban land is classified into three major categories: unused or raw land, developed land and abandoned land. Private ownership of the former was limited to 1000 square meters, however, the law was abolished, and currently there is no limitation for the ownership of land for all groups and individuals.



Through a series of site and services projects, and large-scale new towns development, Government develops raw land and sells it for residential uses at subsidized prices. The price of land for cultural and recreational uses is also subsidized.

Cost recovering is through selling plots for commercial and other land uses. Housing Co-operatives, Contractors who enter a partnership contract with the public developing organization and private households may receive residential plots of land.

Still there is considerable difference in the affordability of land. For example, the ratio between the price of 10 square meters of highly developed land in the capital city of Tehran to the average monthly household net income is around 10.8. The ratio drops to 5 for the Metropolitan City. The same ratio for the price of publicly developed land varies between 1.15 and 2.4, depending on location and development costs.

#### 4. Access to credit

There has been a rapid increase in housing financial facilities extended by public banks since 1996. The facilities include low interest mortgage loans extended to different social groups.

One initiative that had a significant impact on quantity and quality of rural construction is called Rural Upgrading Loan. The low-interest (8%), long-term (15years) loan was extended to a rural household under the condition that the construction was carried out according to earthquake resistant guidelines.

Another initiative, which started in 1998, aimed at simultaneous support of both supply and demand actors in urban areas. Through this initiative, a long-term (15 years) non-deposit loan with an interest rate of 18% was extended to the household who purchased dwellings built by the 'mass-builder'- a contractor building more than 50 houses per project according to approved standards. The facility covers both built and half-built houses. The mass-builder enters a profit-sharing contract with the public land-developing agency whereby a percentage of total houses is allocated to low-income households.

There are no private banks in Iran, and all loans are mortgage loans. It is estimated that about 60% of constructed buildings are covered by mortgage bank loans throughout the country. The percentage for urban areas increases to 72%, whereas it drops to 38% in rural areas. The share of banks of the total amount of loans granted for building construction is around 93%. Therefore, the banking system policies are the determining factor in the urban housing market.



## 5. Access to basic services

The trend to provide households with basic services, accelerated since 1979, after the Islamic Revolution, has been continuously pursued, covering a significant proportion of urban as well as rural areas.

The percentage of urban households with access to piped water has increased from 74% in 1987 to 87% in 1997. The percentage for rural areas shows a more rapid increase, rising from 52% in 1987 to 71.4% in 1997, and an estimated 80% at the time of writing.

A similar trend is observed in household connections, including piped water, electricity, and telephone. The table below shows the percentage of households with basic connections in urban and rural areas.

	Electricity	Telephone	Piped Water	Piped Gas	WC
Urban	99	49	96	49	100
Rural	88	10	71	1	96
Country	95	35	87	32	98

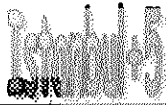
**Table 2 Percentage of Household Connections- data from 1996 census**

It should be noted that in most parts of the country pit latrine is safely used due to high drainage of the subsoil and deep water level. In most cities located near the rivers, a sewerage network is constructed. The sewerage network in the city of Tehran has been recently started due to the high risk of pollution to the underground waterbeds.

## Policy Changes

Shelter policies have undergone major changes since late 1980s, partly due to changes in conditions and partly because of the change in attitude and approach. The First National Development Plan (1989-1993) aimed at production of houses. While the plan achieved 115% progress in terms of built area, it was not as successful in terms of other indicators. For example, only 74.2% of the anticipated number of dwellings were built. The Plan also undermined legal instruments for supporting the private sector in shelter provision.

Production of private rental housing, the second most frequent tenure type in the country thus decreased to less than half. Consequently, the share of private rental dwellings available decreased from 15% of total housing stock to less than 11%. In face of urbanization trends, and national per capita income fluctuations due to oil price crisis, shelter provision situation aggravated in most urban areas.



The Development Plan of early 1990s, supported three interrelated policies:

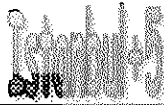
- Using public subsidies to attract individual household savings in shelter provision;
- Enabling small contractors to handle large-scale housing projects;
- Reducing the built area of urban dwellings to allow for qualitative improvement, increased coverage, and equitable distribution of subsidies.

Land allocation was more directed towards enabling private sector small contractors, and housing cooperatives.

### **Obstacles encountered**

The implementation of shelter provision policies has encountered the following obstacles:

- The high rate of urbanization which surpasses the supply capacity;
- Lack of private sector interest in shelter investments because of the decrease in national income resulting in increased construction costs, especially for imported components, and decrease in household affordability;
- Lack of co-ordination between sectoral development plans and settlement development policies;
- Inappropriate housing types in terms of affordability and design;
- Lack of grading and recognition mechanisms for the informal contractors;
- Little cooperation between acting shelter organizations,
- Little participation of shelter actors, especially municipalities in the planning process; and
- Lack of an efficient information system especially in rural areas.



## **Recommendations**

The following general recommendations can be made based on the lessons learned:

- Providing the necessary investment securities, both legal and financial, for shelter provision;
- Improving technological efficiency by promoting appropriate technologies;
- Enabling small and informal contractors in order to develop the capacity to undertake large-scale shelter projects with an improved standard;
- Supporting professional associations and enabling them to undertake more technical and legal responsibilities;
- Developing specialized financial institutions and procedures targeting at low-income and other vulnerable groups;
- Enabling local authorities to participate more effectively in community-based planning and implement national enabling policies at the local level.



## CHAPTER TWO

### SOCIAL DEVELOPMENT AND ERADICATION OF POVERTY

Poverty alleviation is an integral part of sustainable development. To achieve sustainable development it is necessary to devise supportive measures for the benefit of the poor and the disadvantaged groups. Poverty alleviation has been one of the main objectives of the I. R. of Iran.

Due to the importance of social development and integration, the government of I. R. of Iran has allocated 30.9 and 42 percent of its annual current and development expenditures on social affairs in 1996 and 1997, respectively.

#### Prevailing Conditions and Trends

##### 6. Healthy and safe life

The constitution of the I. R. of Iran states that good health is a basic right. Therefore, the government is obliged to provide facilities needed to make this right a reality.

Health network system is the foundation of the I. R. of Iran's public health care system. The principle underlying it is the elimination of discrimination and the reduction of disparities among different groups, particularly people in rural areas, and the poor, the disadvantaged, women, and children. The system is completely decentralized and based on health networks at the district level.

The creation of health network means that 100% of the urban population and around 85% of the rural population now have access to primary health care. The parallel expansion of a universal health insurance system has been another major factor in improving people's health. Statistics indicate that infant mortality fell from 63.5 per 1,000 live births in 1988 to 30.7 in 1997, while maternal mortality dropped from 90 per 100,000 live births to 37.4 in the same period. In addition, the mortality rate among children under five years of age fell from 85.3 per 1000 live births in 1988 to 37.3 per 1,000 live births in 1997.



## 7. Social integration and disadvantaged groups

There are several measures undertaken by the government as well as non-governmental organizations (NGOs) towards identifying and helping the poor and the disadvantaged groups in the country.

Welfare and social security are carried out in form of support<sup>1</sup> and insurance services by several government and non-government organizations and centers<sup>2</sup>.

Because of all the efforts undertaken, the percentage of the total population of the country living below the poverty line has decreased from 48% in 1979 to 17% in 1997. During this period, the percentage of urban population living below the poverty line has decreased from 47% to 12.2%.

The Human Poverty Index (HPI), which depicts the extent of deprivation in terms of life expectancy, education, and per capita income, improved considerably in the last decade. The decline in the HPI (from 31% in 1988 to 18.1% in 1997) could be viewed as one of I.R. of Iran's outstanding achievements in the area of human development.

## 8. Gender equality in human settlement development

Although there has been a gap between the two sexes before the Islamic revolution, there has been considerable improvement concerning gender equity in development.

Statistics show that the literacy rate among the age group of six and over was 79.5% in 1996 increasing to 80.5 % in 1997. At this period, female literacy improved from 74.2% to 75.6%, and male literacy rate increased from 84.7% to 85.3%(Table 3).

	Female	Male	Total
1996	74.2	84.7	79.5
1997	75.6	85.3	80.5

Table 3 Literacy rate for the population aged six and over (percentage)

<sup>1</sup> Support services are a collection of measures and activities relating to social work, advisory and other rehabilitation services targeting at: satisfying basic needs of the poor; improving the life conditions of vulnerable groups; and families of martyrs, POWs as well as MIAs.

<sup>2</sup> Noteworthy among the organizations are: State Welfare Organization, Imam Khomeini Relief Committee, Islamic Revolution Martyrs Foundation, Mostazafan and Janbazan Foundation, Red Crescent Society of I.R. Iran, Social Security Organization, Medical Services Insurance Organization, and State Retirement Organization.

The rate of increase in the number of female students in guidance and high school levels during the period 1996 to 1997 was more than the male students (Table 4).

	1996		1997		Percentage Change	
	Girl	Boy	Girl	Boy	Girl	Boy
Primary	4,352,728	4,885,665	4,217,915	4,720,322	-3.1	-3.4
Guidance	2,343,720	2,845,092	2,401,989	2,880,892	2.5	1.3
High School	1,662,824	1,817,811	1,800,716	1,903,939	8.3	4.7
Total	8,359,272	9,548,568	8,420,620	9,505,153	0.7	-0.5

**Table 4 Distribution of students at different educational levels, by sex (persons)**

The share of female university students from the total number of students studying in state universities and other higher education institutes rose from 36.1% in 1996 to 38.2% in 1997.

Female unemployment rate in the country has decreased from 25.4% in 1986 to 24.4% in 1991 and to 13.3% in 1996 (Table 5).

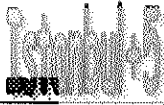
	1986	1991	1996
Female	25.4	24.4	13.3
Male	12.9	9.5	8.5
Total	14.2	11.1	9.1

**Table 5 Unemployment distribution, by sex**

Life expectancy in I.R. of Iran has had a rising trend for both men and women between 1988 and 1997. In 1997, life expectancy at birth for men and women was 68.2 and 70.3 years, respectively.

The Human development index adjusted by gender reflects a country's success in eliminating the disparities between men and women in life expectancy access to education and per capita income.

I.R. of Iran's graduation from "low" to "medium" standing on the gender-related human development index (from 0.454 to 0.579) in the last decade is seen to be an important achievement for Iranian women. Furthermore, the improvement of women's status in terms of per capita income, education, and health during this period has considerably affected country's overall human development index.



## Policy Changes

The following are the policies adopted during the period 1996-1999 for the items covered under the heading "Social Development and Eradication of Poverty":

- Optimal distribution of public resources and possibilities, through the setting of co-efficient for the prevailing situation in the provinces and regions, with a view to raising disadvantaged regions in terms of economic and social development to the average level of the country as a whole.
- Development and improvement of the general quality of life of the people, including improvements in income and wealth distribution and reduction of the Gini co-efficient.
- Expanding and improving the country's social security system through the provision of resources from the government's general budget for the payment of pensions to the poor and needy, women and children without breadwinners, and the disabled; developing social insurance schemes to an extent that the entirety of the population is brought under the coverage of medical services insurance.
- Paying attention to disadvantaged regions and rural areas, with employment, health, education, production, and socioeconomic development topping the list of priorities.
- Directing the governmental aid transfer, included as subsidies, exemptions, duties, taxes and other facilities and concessions in the general budget, towards the protection of vulnerable and needy groups and eradication of poverty.
- Making every endeavor to direct the greater part of the country's financial resources towards social sectors including culture, general education, health and rehabilitation, higher education and research, and physical education.
- Mobilizing the whole range of possibilities available to related executive agencies towards the eradication of drug abuse and fighting social vices and cultural invasion.
- Enhancing women's participation in social, cultural, educational and economic affairs, with due respect to the exalted position of the family and the lofty values underlying the personality of the typical Muslim woman.

## **Obstacles encountered**

The following are the obstacles encountered in the implementation of Social Integration and Eradication of Poverty policies:

- Presence of imbalances in human resource distribution among the developed and least-developed provinces of the country.
- Non-optimal utilization of resources of social security and insurance Funds.
- Inefficiency of the implementing mechanisms of the social insurance systems.
- Problems in identifying and addressing the target groups.

## **Recommendations**

The following are the general recommendations of the Social Integration and Eradication of Poverty:

- Continuing the supportive measures of the government towards poverty eradication and safeguarding the purchasing power of the low income groups in an accountable and transparent manner.
- Strengthening and expanding the comprehensive social security system to cover all people of the community, specially the women and children.
- Continuing the social security programs designed for upgrading the status of vulnerable groups.
- Maintaining the role of the government in providing health care services for all as well as subsidy programs in this area.
- Increasing cooperation among government organizations, private sector, and public agencies involved in health related activities.
- Expanding the role of NGOs in the country's health system.
- Promoting food and nutrition security in the country.



## CHAPTER THREE

### ENVIRONMENTAL MANAGEMENT

During the last 20 years, the urban population of I.R. of Iran has grown from 15.85 million in 1976 to 36.8 million in 1996 (more than doubled). During this period, the number of cities and towns has increased from 373 to 612 (see Table 6).

Population Category (Thousands)	Number of cities				
	1956	1966	1976	1986	1996
1000 and over	1	1	1	2	5
500 to 1000	-	-	3	6	4
250 to 500	2	5	4	8	14
100 to 250	6	8	15	25	36
100 and under	190	258	350	455	553
Total	199	272	373	496	612

Table 6 Number of cities in terms of population categories (1956-1996)

It is projected that by the year 2021, the total population of the country will increase to some 92 million persons, of which 67.2 million will be living in urban areas. This means that, during this period, 32.5 million people will be added to the existing urban population of the country. If the current trend continues, it is estimated that more than 40 per cent of the country's urban population will be living in nine largest cities.

The adverse environmental effects of this accelerated urbanization emphasize the pressing need for action at national and local levels.

#### Prevailing conditions and trends

##### 9. Geographically balanced settlement structure

In 1996, the mean population density of the country was 37.5 persons per square-kilometer. There are extreme variations in the population density of Townships (*Shahrestans*) in the country. The population density of Tehran Township, for example, is over 4000 persons per square kilometers.

Townships like Babolsar, Anzali, and Rasht have population densities of over 500 persons/sq.km. While some townships located near desert areas have population densities near 3-4 persons/sq.km.

Currently most human settlements are located in the outskirts of the Zagros (northwest to southwest) and Alborz (northwest to northeast) Mountains, and in the provincial capitals as well. Continuing concentration of population in the existing settlement structure would pose a serious threat to natural resources of the country.

#### 10. Effective management of water supply and demand

The total volume of precipitation in Iran is 413 BCM of which some 296 BCM is out of reach due to transpiration and evaporation. Hence, the annual renewable water resources in Iran average 117 BCM or 2035 cubic meters per head.

By the year 2021, with the projected increase in population, the per capita water availability will be about 900 cubic meters. This is somewhat below the conventional water scarcity line, indicating that we are rapidly approaching a condition of water stress.

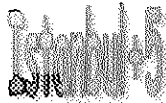
Another important characteristic of water resources in Iran is its provincial imbalance. In some provinces, water is abundant while in others very scarce.

In 1996, per capita urban water consumption for the country was estimated to be 253 liters per day, varying from the 243 liters per day in Khorasan province to the 278 liters per day in Khuzestan and Kohkiluyeh and Boyer Amadi Provinces. It is projected that annual per capita water consumption will increase by 10 per cent of the future population growth rate until the year 2021.

Nonetheless, drinking water in Iran is generally among the best in the Middle East, but there is huge waste of this vital resource, partly due to its low price and its use for purposes other than drinking.

#### 11. Urban Pollution

The rapid pace of urbanization and the industrialization associated with it, has become the leading threat to the environment in Iran. Air and water pollution are the two major sources of urban pollution. In 1995, more than 5 million tones of pollutants were released into I.R. of Iran's atmosphere, 65 per cent of which came from motor vehicles. Domestic and commercial consumption of fossil fuels (other major sources of air pollution) in 1995, was equivalent to 211.6 million barrels of crude oil. Air pollution is considered as one of the major problems of Tehran City as well as other large cities like Mashad, Esfahan, Tabriz, Shiraz, Ahwaz, and Arak.



Country's urban areas produce 38,000 tons of solid waste daily, most of which is made up of biodegradable materials. Hospitals alone produce more than 253 tons of infectious and non-infectious waste daily. In 1997, daily, about 13,155 tons of solid waste was collected and disposed in urban areas of the country.

Therefore, mechanized solid waste collection and disposal amounted to 25 per cent of the daily solid waste generated in urban areas of the country.

In terms of wastewater treatment, figures indicate that the percentage of urban population covered by wastewater treatment services has increased from 11.5 percent of the total urban population of the country in 1996 to 13 per cent in 1997.

A number of measures have already been taken to improve water resources management and to reduce water pollution, particularly of fresh water. In addition, the National Disaster Task Force is in the process of developing plans to control water wastage. Thirty sewage treatment plants are currently implementing programs to remove chemical pollutants during the treatment process. Consideration is also being given to undertaking more fundamental programs within the framework of a national plan of action.

## 12. Disaster Prevention

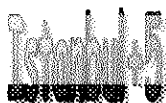
The impact of natural disasters on people and human settlements has become greater as the population and investment has increased in both urban and rural areas. Being a disaster-prone country, Islamic Republic of Iran has witnessed many efforts to develop specific instruments for prevention, preparedness, and mitigation.

The Iranian Seismic Building Code approved in 1990 is compulsory for all urban and most rural areas. It is enforced through the legal responsibility of supervising engineers in urban areas. In rural areas, a non-governmental organization<sup>3</sup> and the Banks extending facilities to rural construction provide the supervision free of charge.

Earthquake hazard mapping at the city level has been started in 1983 for the capital city of Tehran by a governmental organization.<sup>4</sup> The same organization had prepared the first national seismic risk maps, as well. The national seismic risk map was updated at a larger scale during the studies for National Physical Plan. The Tehran Hazard map is under revision at a larger more accurate scale, by the Municipality of Tehran. The seismic hazard map for the city of Rasht was also prepared as part of a joint project

<sup>3</sup>Housing Foundation of Islamic Revolution

<sup>4</sup>National Geological Organization



with UNDP, UNCHS, and a non-governmental research center<sup>5</sup>. The initiative was followed by the same center and other research centers<sup>6</sup> for a few other cities.

Some efforts have been made to prepare hazard maps for other natural disasters such as flood and landslides, with some finished results at the provincial level.

Disaster insurance for urban dwellings is provided at a subsidized rate on an optional basis for urban dwellings, covering natural disasters such as flood and earthquake and man-made disasters such as fire.

### 13. Transportation System

The fact that more than 65% of the air pollution in urban areas of the country is caused by motor vehicles indicates the importance of adopting environmentally sound and energy-efficient transportation system. Measures such as increasing the share of public transport in transportation system, converting public and private vehicles to propane gas, and phasing out old, exhaust-emitting vehicles are undertaken to improve the environmental effects of the existing transportation system.

In line with the above mentioned policies, the share of public transport from daily trips in urban areas of the country has increased from 44.6 percent in 1995 to 56 percent in 1997. In 1999, in line with policy of requiring vehicles to conform to environmental standards, about 95 percent of the 28,805 taxicabs in Tehran City were using liquefied gas as fuel.

Preparation of comprehensive urban transportation plan for cities of 200 thousand populations and over is made compulsory and "Provincial Urban Traffic Coordinating Councils" have been created in the entire provinces of the country.

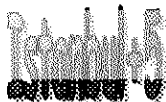
### 14. Local Environmental Plans and Agenda 21 initiatives

The preparation and implementation of local urban development plans in I.R.Iran started during the Fourth National Development Plan (1969-1973) of the country and is continuing until now. In 1997, about 616 cities and towns in the country had urban development plans. Since the enactment of the Air Pollution Law in 1995, incorporation of environmental considerations in the preparation of the local urban development plans has been made mandatory. Even then, the creation and election of local councils in 1998, in line with the government of I. R. of Iran's commitment towards a more participatory urban environmental management at the local

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<sup>5</sup>Natural Disasters Research and Studies Center

<sup>6</sup>For example: Building and Housing Research Center, International Institute for Seismology and Seismic Engineering.



level, has paved the way for an effective implementation of the Agenda 21 at the local level. In 1998, the government of the I.R. of Iran, through its National Habitat Committee, requested the UNCHS/UNEP support to the Department of Environment (DoE) to introduce the multi-sectoral participatory Environmental Planning and Management (EPM) process pioneered at the municipal-level by their joint global Sustainable Cities Program (SCP), in order to promote a partnership approach to manage the sustainable development of urban areas. It is hoped that the implementation of this project would pave the way for the implementation of the Agenda 21 at the local level, by disseminating sustainable development principles, practices, and lessons from national level partners and also utilizing the local level experiences.

### **Policy Changes**

The following are the policies adopted during the period 1996-1999 for the items covered under the heading of "Environmental Management":

- Balancing the nation's population distribution and discouraging the concentration of activities in large urban centers (with a population of 1 million people and over) through:
  - a) A guided human settlement development, due to the necessity of preserving the agricultural lands, forests and range lands, ecologically sensitive areas (such as lagoons ecosystems, wildlife habitat, areas of outstanding beauty), historical heritages, and to select zones of low disaster risk.
  - b) A revised system of planning and monitoring at the national, sub-national, and local levels, in order to guarantee their implementation.
- Preventing the spontaneous and uncontrolled growth of over-concentrated areas through:
  - c) Controlling the new production and service sector investments with sub-national functions in these areas, by devising disincentive measures such as increasing infrastructure and service charge rates, and establishing sub-national taxing system.
  - d) Strengthening the role of promising urban centers around the over-concentrated areas by means of establishing rapid transportation systems within these types of urban centers and the neighboring industrial centers.
  - e) Identifying those types of social, economic, administrative and service activities, that from the functional point of view, their presence in the over-concentrated areas are not a

necessity, and transferring them to satellite towns and other promising areas of the country.

- Balancing the population and employment distribution in the country, within the framework of political and economic goals and by considering the rational human settlement hierarchy, infrastructure, and environmental carrying capacity.
- Taking into consideration the goals of the sustainable development and environmental considerations in the decision-making processes of the country.
- Drawing up and establishing necessary environmental regulations, standards, criteria and indices and reforming the existing legal and legislative frameworks in all related fields, on the basis of the latest scientific findings and in accordance with the country's conditions and possibilities.
- Optimal utilization of energy resources by means of modifying the existing consumption pattern, increasing efficiency of energy consumption, and making use of clean substitutes
- Conserving and rehabilitating renewable natural resources; preserving rare flora; controlling desertification; reclaiming desert lands; preventing soil erosion and pollution, air pollution, pollution of surface and ground waters, and pollution of marine environment; preventing the destruction of the country's wildlife habitats; and proper exploitation of its mineral resources, in strict compliance with environmental regulations.
- Improving the quantity and quality of drinking water distribution in urban areas.
- Improving the quantity and quality of urban wastewater treatment system and increasing the capacity of wastewater treatment plants.
- Improving intra-urban transportation and traffic.

### **Obstacles encountered**

The following are the obstacles encountered in the implementation of the Environmental Management policies:

- Shortages of human resources in the field of urban development planning.

- Inefficiency of the existing administrative, executive and legal mechanisms for the income generation activities at the local levels.
- Lack of an integrated system for information collection and dissemination on urban development activities.
- Lack of an efficient and integrated system for guiding and controlling urban development.
- Inadequacy of existing rules, regulations, and laws in relation to the conservation of water resources in urban areas.
- Existing monopoly in the provision and distribution of water and wastewater services in urban areas of the country.
- Lack of an integrated environmental information system.

### **Recommendations**

The following are the general recommendations on Environmental Management:

- Construct comprehensive studies aimed at developing the laws, regulations, and quantitative/qualitative standards needed to achieve the goals of environmental management.
- Adopt an "ecosystemic" approach to urban development, particularly in planning municipal services and infrastructure such as transportation, communications, sewerage systems, and industrial parks.
- Use economic tools such as imposing taxes to reduce water, soil, and air pollution; raising prices to curb excessive consumption of fossil fuels; and fining polluters
- Use educational programs and media campaigns to enhance public awareness of environmental pollution.
- Promoting environment-friendly, affordable, and sustainable transportation system



## CHAPTER FOUR

### ECONOMIC DEVELOPMENT

Islamic Republic of Iran faced many obstacles in the process of economic development because of major regional crisis, which caused significant shifts in the labour force. The end of Iraqi imposed war brought a large labour force previously engaged in military defense. Afghanistan civil war caused large migrations of Afghan refugees to Iran. Arab and Kurd populations have been seeking refuge in Iran since the Persian Gulf War.

Natural disasters, especially drought, caused the labour force engaged in agriculture to seek work in urban areas. To this should be added the rapid urbanization and population growth. The situation was aggravated by several recess periods due to oil price fluctuations, as the country has an oil-based economy.

Nevertheless, Islamic Republic of Iran has tried to cope with the situation by adopting policies for creating a diversified economic base, and stimulating productive employment opportunities.

#### Prevailing Conditions

##### 15. Small and Local Enterprises

The employment growth rate has been somewhat over 2.55% in the past 20 years. Compared against the fact that the Gross Domestic Product had increased by a mean rate close to 1.2%, it is evident that the informal employment has had a substantial increase in this period.

Still the number of employment opportunities created in this period is close to 5.8 million, with 90.4% related to urban economy. However, about 45% of employment in the past 20 years have been created by the public sector.

In the past 20 years, the share of three major employment sectors, that is agriculture, industry, and services has drastically changed from 34%, 34.2%, 31.8% to 23%, 30.7%, and 46.3%, respectively. The trend reflects the shift towards services.

##### 16. Productive Employment Opportunities

Despite the increase in the number of the unemployed population, the unemployment rate has decreased from 10.2% to 9.1% in the past 20





years. This can be partly attributed to better educational facilities, which excludes part of the younger generation from the supply of labour force. The following trends are observed with respects to the unemployment rate by 1996:

- It has been less among the illiterate, as well as the population with higher education;
- it has been less in cities than in rural areas;
- it has been slightly higher for women than men;
- Most of the unemployed population is within the 15 to 30 year age group.
- The unemployment is higher in western border provinces, as well as provinces with an agriculture -based economy.

### **Changing Policies**

In order to stimulate productive employment, the Ministry of Cooperatives founded in 1991, tried to establish a network of informal workers in form of cooperatives, and enhance their role as an enabling instrument for reaching the low-income population.

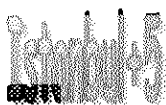
After 7 years of activity, by early 1999, the number of cooperatives had doubled, the share of cooperatives of total employment exceeded %8.5. Noteworthy in the effort was the establishment of women cooperatives<sup>7</sup> which by early 1999 employed some 1,034,676 female members.

### **Recommendations**

- Developing further the social welfare and security system;
- Enhancing the role of cooperatives as effective enabling instruments;
- Revising legal system governing the labour market; and
- Improving market-oriented vocational training

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<sup>7</sup>The women cooperative has over 50% female members.



## CHAPTER FIVE

### GOVERNANCE

Decentralization and people's participation are acknowledged in the constitution of the I.R. of Iran (Article 100):

"In order to expedite social, economic, public health, cultural, educational, and development programs and facilitate other public welfare affairs through the people's participation and in accordance with the local needs, the administration of each village, county, town, city, and province will be supervised by a local council... The members of every council will be elected by its respective population..."

Furthermore, decentralization and devolution of responsibilities and powers to local authorities and strengthening their roles was one of the important goals of the Second National Development Plan (1995-1999).

#### **Prevailing Conditions and Trends**

##### **17. Decentralization and strengthening local authorities**

Decentralization is a major goal of the institutional development in I. R. of Iran. In order to achieve this goal, much time and effort has been given to effective delegation of responsibilities and powers to the local authorities. However deficiencies in capacity at local levels has hindered the progress of this efforts. At present the local government can, without permission from central government, set some local tax and user charges, borrow funds, and choose contractors for all provincial projects.

##### **18. Participation and civic engagement**

In June 1996, the law of "Organization, Responsibilities, and Authorities of Islamic Councils Act" was enacted, identifying the roles, responsibilities, and election procedures of council members and mayors. Local councils' election took place in March 1999. By this election, the local councilors for 718 cities, 24 towns, and 32,677 villages were elected, totaling to 164,022 councilors countrywide. The local council elections provide an important landmark and reaffirm the commitments of the government of I. R. of Iran towards participation and civic engagement. These elections have increased the accountability of the local authorities to the people. In 1999, Urban Planning and Architecture Research Center of Iran (UPARC) in collaboration with Urban Management Program (UMP) undertook a research project towards enhancing stakeholders' participation

in urban planning and management. The principle aim of this project is to evolve a framework for participatory urban planning, development, and management involving the local councils and other stakeholders

#### 19. Governance of towns, cities, and metropolitan areas

Transparent and accountable governance of towns, cities, and metropolitan areas is a major goal in human settlement management in I. R. of Iran. There are annual auditing of municipal accounts and sanctions against the faults of civil servants. Contracts and tenders for municipal services are published, and laws on disclosure of potential conflicts of interest exist

#### **Policy Changes**

The following are the policy changes on Governance:

- Improving the management, planning, technical and executive capabilities of municipalities and moving towards self-sufficiency by creating Islamic city councils in urban areas of the country.
- Delegating management of cities to elected city managers, devolving appropriate responsibilities and powers to local governments and strengthening their role,
- Revising the legislative framework and procedures and establishing a new management system in local governments, which would be monitored by elected councils.
- Supporting local governments to achieve self-sufficiency, and providing financial assistance for the needy municipalities, especially the under-privileged urban areas of the country
- Securing new resources of income for the municipalities through local taxation system.
- Preparing urban development plans at the local level and approving them at the provincial level.

#### **Obstacles encountered**

The following are the obstacles encountered in the implementation of policies on Governance:

- Insufficiency and ambiguity of urban management and urban service provisions laws, rules and regulations

- Lack of transparent mechanisms for effective people participation in planning, implementation, and monitoring of urban development activities.
- Ambiguity in organizational relationship between municipalities and local city councils.
- Multiplicity of organizations involved in urban planning and management, and lack of proper coordination mechanism among them.

### **Recommendations**

The following are the recommendations on Governance:

- Create an integrated and coordinated system of urban and local management in order to control and guide the process of urban development and activities of agencies responsible for provision of urban services and facilities.
- Special attention should be given towards eliminating monopolies, promoting participation of people and NGOs, and encouraging private sector investment, and enhancing the role of local Islamic councils.
- Restructuring the organizational structure of municipalities in accordance with their responsibilities.
- Devolution of appropriate responsibilities and powers to local Islamic councils.
- Strengthening the role of Islamic city councils and providing them with the necessary financial resources.



## CHAPTER SIX

### INTERNATIONAL COOPERATION

Recognizing the importance of international cooperation, Islamic Republic of Iran has tried to promote international cooperation between human settlements acting agencies, especially at the regional level. Fortunately the years following Habitat II conference coincided with the chairmanship of Islamic Republic of Iran at the Organization of Islamic Countries (OIC). Taking advantage of the opportunity, Islamic Republic of Iran played an active role in some multi-lateral conferences, in an effort to bring to the attention of the participating members the issues of urban environmental management and urban governance in Islamic Cities.

In line with these efforts, some international conferences were sponsored by one or more of public agencies and UN organizations, in particular UNDP. Issues such as sustainable development in vulnerable desert environments, disaster prevention, mitigation, and sustainable use of energy resources were treated in these conferences. As a recipient country, the amount received by Islamic Republic of Iran is not significant, as compared to the scope and number of projects so far initiated. Noteworthy among the projects are:

Sanitary waste disposal successfully implemented by the Organization of Waste Recycling and Composting (OWRC) of Tehran Municipality, UNCHS (Habitat) Regional Office, and the city of Fukuoka. As a good example of appropriate transfer of technology, OWRC has already started networking with other cities in the country to adopt this methodology.

Participatory Urban Planning and Management, under implementation by the Ministry of Housing and Urban Development; Urban Management Programme;

Community-based Disaster Mitigation proposed to be undertaken by The Housing Foundation of Islamic Revolution and Disaster Management Programme, UNCHS (Habitat) Regional Office.

The culmination point in these efforts was the Memorandum of Understanding Signed by the Ag. Director of UNCHS (Habitat) and the Minister for Housing and Urban Development, addressing important areas of cooperation such as:

Transfer of scientific and technical experience; particularly for housing supply, earthquake mitigation, and energy efficiency in buildings; upgrading



and revitalization of deteriorated urban fabrics, and facilitating the implementation of UMP and SCP projects in Islamic Republic of Iran.

The designation of the year 2001 as the year for "Dialogue between Civilizations" by the United Nations, in response to the initial proposal of the President of the I.R. of Iran, and the fact that cities are the incubators of ideas and ideals and scenes for materialization of different civilizations, paves the way for the inclusion of human settlements issues and problems in this dialogue.

## CHAPTER SEVEN

### FUTURE ACTION AND INITIATIVES

#### a) Priorities for Shelter Development

- Providing the necessary investment securities, both legal and financial, for shelter provision;
- Developing specialized financial institutions and procedures targeting at low-income and other vulnerable groups;
- Enabling local authorities to participate more effectively in community-based planning and implement national enabling policies at the local level.

#### b) Priorities for Sustainable Urban Development

- Adopt an "ecosystemic" approach to urban development, particularly in planning municipal services and infrastructure such as transportation, communications, sewerage systems, and industrial parks.
- Use educational programs and media campaigns to enhance public awareness of environmental pollution.
- Promoting environment-friendly, affordable, and sustainable transportation system.
- Increasing cooperation among government and non-governmental organizations, private sector, and public agencies for health and poverty alleviation activities.

#### c) Priorities for Capacity Building and Institutional Development

- Restructuring the organizational structure of municipalities in accordance with their responsibilities.
- Strengthening the role of Islamic city councils and providing them with the necessary financial resources.
- Creating an integrated and coordinated system of urban and local management

#### d) Priorities for International Cooperation

- Promoting regional and international cooperation between agencies specializing in shelter and settlement development, in particular drawing on catalytic capacity of UN agencies.