

## **TOO MUCH ADO ABOUT TOO LITTLE: PARTICIPATION IN ISLAND DEVELOPMENT PROGRAMMES IN CROATIA**

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**Key words:** Islands, Croatia, Participation, Planning

### **ABSTRACT**

Croatian development planning has a long history dating back to the 1960s when, under the system of socialist self-management, public participation was prescribed as a norm although rarely effectively enacted. The first programme to recognise the specificities of the Croatian islands was in 1986. In the context of transition, Croatia's development planning became heavily influenced by Western European approaches underpinned by commitments to participation and stakeholder consultation which, only sometimes, managed to move beyond mere rhetoric. Regardless of the nature of the economic and political system, the need to balance top-down and bottom-up planning processes, and the importance of development of a national strategy sensitive to local conditions, often presented planners with insurmountable obstacles, not easily solved by simply adding on participatory planning methods. Over time, a number of national programmes and regulatory frameworks have been developed including the National Island Development Programme (1997), the Island Act (1999), and the Decree on Methodology of Island Development Programmes (2002). Until now, island development programmes have been completed but not yet implemented in 26 island groups covering the entire Croatian archipelago.

This paper explores the political, institutional, technological and socio-economic factors impeding or impelling stakeholder participation in the preparation and implementation of island development programmes in Croatia. At the political level, the lack of transparency in expenditure choices, and their tendency to reflect over-politicised decision-making, tends to orient island leaders to emphasise formal and informal relations with central politicians rather than with their own local communities, with whom communication tends to be one-way. Most islands are divided between two or more units of local self-government without adequate mechanisms for joint planning and resolution of disputes. In addition, the institutional capacities of many islands in the context of out-migration, coupled with the lack of island identification by some stakeholders (such as business interests), also tends to inhibit the implementation of programmes. Crucially, technological issues and the problems of achieving economies of scale in large infrastructure programmes also tend to promote dependency on central decision-makers. Finally, socio-cultural variations appear relevant insofar as the level of participation in implementation of programmes correlates with the level of development of the islands, with the Northern more developed islands demonstrating a higher influence of interest groups on development decision making than the less-developed Southern islands.

## **1. INTRODUCTION: planning, participation and island development in historical perspective**

In contrast to most countries in Central and Eastern Europe, Croatia as a part of socialist Yugoslavia had a long tradition of a kind of participation at the local authority or municipal level, following the introduction of so-called socialist self-management as an intrinsic part of 'the Yugoslav exception'. The system revolved around Workers' Councils as organs of worker's controls in all enterprises. Some research revealed that decision-making remained top-down and non-transparent, with informal and impenetrable groups of enterprise managers and senior party officials in control, and the Workers' Councils existing as a largely powerless, rubber stamping, body, with as few as 2- 3% of all decisions being made and implemented in a truly participatory manner.

Correspondingly, Croatia's 118 municipalities, or units of local self-government, were underpinned by a system of so-called socialist democracy. Again, the reality was somewhat different, with members of the Municipal Assembly and Executive Council elected from the list proposed by the Socialist Alliance of Workers, a universal and formally non-political body which was, actually, largely politically controlled, and which monopolised power. Municipalities produced an annual 'Social Development Plan' which was an administrative document which was endorsed politically, but with no citizens' participation whatsoever. In practice, these documents became more and more formalistic with each successive plan involving simply rewriting and adjusting the previous year's document. This kind of planning did not survive transition and was abandoned in 1990.

Municipalities also commissioned occasional Physical Plans which were produced by licensed consultancy firms. These tended to be produced on a four to five year cycle in tourist areas, with a longer gap of between ten and fifteen years elsewhere. These documents involved a kind of passive participation with consultants preparing draft plans for comments, including a public hearing. The key parts of the documents, in terms of land use and spatial development goals, were drawn up by consultants under the influence of the Mayor and the Executive Council but with no other stakeholder input whatsoever, so that changes in response to public concerns were, nearly always, merely cosmetic. The practice of producing physical plans, rooted in public planning institutes, and underpinned by an architecture of laws, regulations and decrees, survived independence and transition. It remains a legal obligation to produce such plans, with violations of the plan itself a breach of the law. Hence the profession of physical planners, committed only to *ex post* participation, have maintained their dominant position, enjoying legal protection and support, often favoured for relevant ministerial positions, and maintaining their market niche.

In the context of this long history of planning, the Croatian islands were not in focus until the 1980s. In part, this was a reflection of the heavy emphasis on industrialisation and consequent urbanisation in post-WW2 Croatia and Yugoslavia. Even in the early days of the expansion of tourism as a special focus area in Croatia, there was still less attention to islands as islands than as a part of coastal municipalities. Islands remained undeveloped in terms of tourism, mainly as a result of the higher costs of development in terms of materials, labour and, above all, transportation. The larger islands began to be developed first but, again, tourist capacity remained quite small until the 1980s.

This paper explores the increasing importance, over time, of island development programmes in Croatia, outlining the diverse factors impeding or impelling stakeholder participation in the

preparation and implementation of planning documents. The text is underpinned by a theoretical framework perhaps best described as 'soft' or 'weak' historical institutionalism insofar as we emphasise the importance of macro-context or structural factors, the contingencies of history ('taking time seriously' in Pierson and Skocpol's (2002) formulation), and the importance of "the combined effects of institutions and processes" (ibid) which are key features of historical institutionalism in economics, political science, and sociology. Our approach, however, rejects the path dependency of 'strong' historical institutionalism in favour of a more open approach sensitive to the interactions between agents, structures, institutions and discourses (Moulaert and Jessop, 2006). In part at least, this reflects our own active engagement in many elements of the unfolding contest to take islands and islanders seriously, combining scientific research, policy advice and drafting of legislation, and, sometimes, political lobbying. In this sense, the text cannot be considered 'objective' but is rather, reflexive, based on the intense engagement of one of us and our joint commitment to a multi-disciplinary approach. The historical facts have been constructed out of interviews with key personnel from the relevant Ministry and combine with our own, and others, prior research and policy work, to shed light on complex processes, largely at the macro-level which, of course, need to be complemented by more in-depth local case studies (Starc, 1989; Anušić and Starc, 1992; Starc, 2006).

We begin by tracing the main socio-demographic, economic, cultural and ecological characteristics and specificities of the Croatian islands, before exploring island development policies through the lens of participation in five historical periods: the last decade of socialism (the 1980s); the war years after Croatia's declaration of independence (1990 – 1995); the first period of post-war attention to island policy (1995-1999); the lack of consolidation of aspects of this policy in the period of a democratic reformist government (2000-2003); and the situation in the last few years with the (reformed) nationalist party returned to power (2004 onwards). In a tentative final section we draw some conclusions from our analysis.

## **2. THE CROATIAN ISLANDS: social, demographic and economic specificities**

As the technological means of observing and counting physical geographical features have improved over time, the number of islands off the coast of Croatia has grown apace, as have tourist numbers. All other demographic and social indicators, however, have shown a declining trend. Perhaps even more importantly, statistical indicators are not well developed with very few indicators depicting accurately the contribution of islands to the Croatian economy. The first estimates were made by the Austrians at the end of the 19<sup>th</sup> century, coming up with a figure of some 650 islands. After WW2, this number increased to 1185. Most recent research suggests some 1,246 islands, divided into 79 islands proper; 526 small islands or islets; and 641 rocks, either permanently or temporarily visible (Duplančić-Leder et al, 2000).

Table 1 below shows the total population of the Croatian islands as recorded by each census since 1961, indicating a gradual decline with the exception of the decade 1981-1991. Table 2 below shows the current age structure of the Croatian islands illustrating both an older population and a higher dependency ratio in the islands compared to Croatia as a whole.

**Table 1:** Population in the Croatian islands, 1961-2001 (MoRD, 1997; 15 and Lajić and Mišetić, 2006; 37)

| DATE | POPULATION | INDEX |
|------|------------|-------|
| 1961 | 139,798    | 100   |
| 1971 | 127,598    | 91.3  |
| 1981 | 114,803    | 82.1  |
| 1991 | 126,447    | 90.4  |
| 2001 | 122,228    | 87.4  |

**Table 2:** Age structure, Croatian islands and general population, 2001 census. (CBS and Lajić and Mišetić, 2006; 175)

| AGE   | ISLANDS | GENERAL POP |
|-------|---------|-------------|
| 0-19  | 22%     | 24%         |
| 20-59 | 51%     | 54%         |
| 60+   | 27%     | 22%         |

The expansion in the 1980s was a result of both 'pull' factors, in terms of the rapid growth of tourism and, hence, rising standard of living and increased employment opportunities for even those with only basic secondary education, and 'pull' factors in terms of economic crisis in the urban areas. Currently, some 2.6% of the Croatian population are registered as living on one of the 48 inhabited islands. Three islands which had previously had at least one inhabitant are now recorded as uninhabited. The total figure has never been above some 3.0%, reaching a peak of 173,503 as recorded by the 1921 census. To put the current figures into historical perspective, the first recorded census figure, for 1857, gives a population of 117,481. The UNESCO concept that 'small islands' are those with a surface area of less than 10,000 km<sup>2</sup> and/or with less than 50,000 inhabitants (cf. Hess, 1986) does not fit the Croatian context. Indeed, only two Croatian islands exceed 400 km<sup>2</sup> (Cres and Krk), with none of the Croatian defined 'small islands' bigger than 20 km<sup>2</sup>. The 48 inhabited Croatian islands range in population from 1 (on Sveti Andriji) to 17,087 (Krk) followed by Korčula (15,649), Brač (13,353) and Hvar (10,734) as the only islands with a population of over 10,000 (Lajić and Mišetić, 2006; 307). In total, there are 313 settlements (*naselje*), with only 12 having a population of 2000 or more (Table 3).

**Table 3:** Size of settlements on Croatian islands, 2001 (Lajić and Mišetić, 2006; 41)

| Settlement size | No. of settlements | % of total | No. of inhabitants | % of total |
|-----------------|--------------------|------------|--------------------|------------|
| 0               | 9                  | 2.88       | 0                  | 0          |
| 1-50            | 84                 | 26.84      | 1,664              | 1.36       |
| 51-100          | 54                 | 17.25      | 3,898              | 3.19       |
| 101-200         | 52                 | 16.61      | 7,744              | 6.34       |
| 201-500         | 56                 | 17.89      | 17,491             | 14.31      |
| 501-1000        | 22                 | 7.03       | 16,345             | 13.37      |
| 1001-2000       | 24                 | 7.67       | 35,677             | 29.19      |
| 2001 +          | 12                 | 3.83       | 39,409             | 32.24      |

Economic activity remains rather simplified when compared to continental Croatia, with islanders, on the whole, having proved able to utilise quickly comparative advantages created

by developments on the mainland and create a monoculture production structure. However, the ability to restructure island economies when these comparative advantages ceased to exist proved rather more difficult and in many cases, impossible. The share of islands in the Croatian economy never exceeded 5%, whatever the indicator, with share in GDP not exceeding 3%. For the past decades, investments in islands represented between 2 and 5% of overall investments. As noted earlier, the true value of tourism cannot be calculated as the number of tourist nights is, itself a very crude and, indeed, sometimes unreliable, indicator. Traditionally, there has been a gap between the more developed Northern islands (in the Kvarner bay) and the less developed Southern islands (in South Dalmatia). Table 4 below shows this in terms of the percentage of the active population and rates of unemployment.

**Table 4:** Active population and rates of unemployment in the Croatian islands, 2001 (Lajić and Mišetić, 2006; 219)

| Island group        | Total pop      | Active population |              |               |              |              |              |
|---------------------|----------------|-------------------|--------------|---------------|--------------|--------------|--------------|
|                     |                | Total             | %            | Employed      |              | Unemployed   |              |
|                     |                |                   |              | Total         | %            | Total        | %            |
|                     |                |                   |              |               |              |              |              |
| <b>Kvarner</b>      | 38,687         | 17,007            | 43.96        | 14,434        | 84.87        | 2,573        | 15.13        |
| <i>N. Dalmatia</i>  | 22,565         | 7,956             | 35.26        | 6,230         | 78.31        | 1,726        | 21.69        |
| <i>C. Dalmatia</i>  | 42,159         | 17,125            | 40.62        | 13,364        | 78.04        | 3,761        | 21.96        |
| <i>S. Dalmatia</i>  | 19,007         | 7,926             | 41.70        | 6,039         | 76.19        | 1,887        | 23.81        |
| <b>All Dalmatia</b> | 83,731         | 33,007            | 39.42        | 25,633        | 77.66        | 7,374        | 22.34        |
| <b>All islands</b>  | <b>122,418</b> | <b>50,014</b>     | <b>40.86</b> | <b>40,067</b> | <b>80.11</b> | <b>9,947</b> | <b>19.89</b> |

### 3. ISLANDS UNDER SOCIALISM: belated recognition, limited participation

As stated above, the economic and social specificities of the Croatian islands was not recognised under socialism until the 1980s. In 1985, the Island Development Co-ordination was formed as a consultative body consisting of the mayors of island municipalities. This is the first of many examples of a kind of 'accidental' policy initiative, with one key figure, the Head of the Department for Islands in the Dalmatian region, committed to the idea and encouraging mayors to join. The Co-ordination acted as a kind of lobby group and managed to ensure that an item in the Republic budget be established for island development. Mayors joined together to fight for this budget line and competed with each other for their share of it. The dialogue between the Government and the Co-ordination was, thus, established in the absence of any other stakeholders, with both sides assuming and claiming that mayors, *a priori*, represented islanders' best interests. In part, this reflected a long standing absence of the notion of 'stakeholder' or even 'interest group' under socialist self-management where everyone was assumed to be involved in decision-making albeit in the absence of real and meaningful mechanisms for true participation (cf. Đokić, Starc and Stubbs, 2005). Bottom-up initiatives which were not filtered through the Socialist Alliance of Working People were treated as deviant, non-institutional and, certainly, unwelcome.

The Co-ordination is of particular interest, not least because no similar bodies emerged for other specific geographic areas such as the mountainous or plateaux areas. Its acceptance by the Government can only be explained in terms of the specificities of islands which the state could not handle through its normal policy measures and processes. Even here, though, it could be argued that the body was accepted because of the small number of islanders and the corresponding lack of any threat to the existing political system posed. Policy makers were

able to argue that they had responded to and recognised the specificities of islands and institutionalised their concerns in this body. Indeed, speaking in terms of its legacy, it appears that the Co-ordination established a trend, continuing to the present day, of high levels of rhetoric, low levels of funding, and extremely low levels of general popular participation. It cemented in islanders' thought the idea that, along with discourses from high officials regarding 'our 1000 beauties', 'our precious stones' or 'smaragds in the sea' will come little or nothing in the way of money and required projects.

Another initiative of the same period was, however, more participatory and, perhaps, has left a more positive legacy. In 1986, during the first flowerings of social movement activity in parts of Slovenia and Croatia (Stubbs, 2001), a new initiative emerged based on a kind of 'accidental' common ground between the then President of the Municipal Assembly and researchers from the Institute of Economics including one of the co-authors of this paper. In the municipality of Cres and Lošinj, two islands joined on the more developed northern Kvarner archipelago, a Centre for the Development of the Adriatic Islands was planned and established in 1987 with two employees funded by municipal funds. Its goals included helping to steer island development, ensuring that development programmes and thinking took into account the specificities of island development, and, crucially, to promote the role of islanders in decision making. From its inception, the Centre came up against the dominant power structure on the islands of Cres and Lošinj, namely the two main tourist and trade firms which employed almost 60% of all the islands' active population, and which controlled municipal decision-making with its own people as Presidents of the Municipal Assembly and Executive Council. Indeed, a number of 'company islands', i.e. those dominated by one major company, still exist today with companies tending to by-pass participatory planning processes. Traditionally, the two key political positions in the town were nominees of these firms and, when the President of the Assembly changed, municipal commitment changed to concern, if not hostility, at a body perceived to be interfering in municipal-business matters. Already, by 1988 funding from the municipality became more erratic, invitations to key meetings were no longer received, and the Centre's work was largely ignored.

Formally, the initiative survived the change in the political system in 1991 but never had much power locally. It was formally closed in 1994 although, as we shall note below, elements of the Centre's structures and its leading activists became important in terms of the formulation of island policy at central state level. Overall, then, we can summarise the 1980s as a period of a flowering of interest in islands but with limited participation beyond political and business elites.

#### **4. ISLANDS IN WAR: islands of participation in a sea of centralisation**

In some ways not surprisingly, in the early 1990s, island development was rather lost as a political issue in the context of rather more pressing issues in terms of Croatia's independence and the war which, between 1991 and 1995, affected significant parts of Croatia including the islands, largely indirectly in terms of blockages from the sea or to the occupied mainland. More generally, war brought the need for crisis management in government so that it would have been surprising if questions of strategic development could have forced themselves onto the agenda. Changing circumstances necessitated forms of decision-making which had no room for any participatory processes. Over and above this, in part as a result of the combination of the gaining of independence (state-building), and the war and lack of

Governmental control over part of the territory (state-destruction), there was a renewed centralisation of state functions in the context of a growing political authoritarianism.

This centralisation was, itself, complex since the power of local actors was eroded through the rapid expansion of the number of municipalities in Croatia, from the pre-war level of 118 to 503 municipalities and towns in 1995. In addition, larger regional units were abolished in favour of 20 counties plus the city of Zagreb (Kordej De Villa et al, 2005). These changes further eroded the possibility of islands been a coherent part of the governmental structure, as they were increasingly divided in terms of a number of municipalities and, in one case (the island of Pag) between two counties. The war consequences led, of course, to a massive decline in tourist numbers and to the turning over of a number of tourist facilities to accommodate a massive number of refugees and internally displaced persons. Of course, it is possible to point to forms of autocratic decision-making which had positive consequences, the government's 1993 macro-economic stabilization programme which brought inflation down from four digits to low single digits being the most obvious example. Overall, the war years saw the introduction of forms of governance incompatible with a modern market economy and light years away from participatory democracy models, so that Croatia's transition, and island development and participation along with it, was delayed.

At the same time, and again largely as a result of an 'accidental' meeting of minds between the EIZ researchers, the former secretary of the now abolished Island Development Co-ordination and the then Minister of Transport and Seamanship, the Lošinj Centre was revived and upgraded and became the designated Centre for Island Development in the Ministry, established in 1993 as the administrative body responsible for decisions regarding the disbursement of the state budget for islands which then stood at between 5 and 6 m HRK (now about 1 m USD). Three aspects of this are important in terms of the legacy of this for subsequent island development policies. Firstly, it replaced a bottom-up initiative with a largely top down initiative, incorporating the Centre into the state apparatus. Secondly, in creating a fund and giving the Centre responsibility for disbursement in the absence of agreed mechanisms for prioritization, it created the conditions for political in-fighting, lobbying, the use of informal contacts and, even, corruption. However, thirdly, whilst not, in and of itself, promoting participatory processes, it was a mechanism for continued lobbying for a real commitment to strategic island development, including participation.

In 1993, the new Minister established a new Island Council as a consultative body to the Ministry. It comprised some 25 island mayors, other "respected public officials" and a small number of scholars interested in islands and their development. This proved, however, to be another 'false start', meeting only once before being forgotten, and represented another lost opportunity in terms of opening up participation in island development decision-making. It was a classic case of mutual misunderstanding with the Minister believing that he had fulfilled his duty by appointing the Council but, since he failed to appoint a Secretary or President, in the absence of any Council member taking the initiative, it simply atrophied.

## **5. LOBBYING FOR ISLANDS: the Island Development Programme and related measures**

With the formal end of the war in 1995, a number of important initiatives began, reflecting, in some ways, the influence of the former Lošinj Centre on the Ministry itself which, in 1995, changed its name to the Ministry of Reconstruction and Development. One of the major

priorities of the new Ministry was prepare a number of national programme including a National Island Development Programme. An inter-disciplinary working group including outside experts was established. Very quickly after this, this group gained the status of a formal Council of 25 members, although sharing only one common member with the 1993 incarnation. The Council oversaw the preparation of the National Programme, meeting three times, with five of its members playing an active role in its drafting, two of whom had been active in the Lošinj centre and in the Co-ordination in the 1980s.

In terms of participatory processes, the programme was a step forward. The five persons toured the islands announcing the preparation of the programme and gathering mayors and other stakeholders together for a meeting to garner suggestions. This was, however, the beginning and the end of participation, with discussions on drafts of the Programme reserved for Council members. The reason given was the already time consuming nature of Council discussions and the absence of any administrative or technical support from the Ministry. This was another obstacle which was to repeat itself on a number of subsequent occasions. As part of the new commitment to island development, the budget for islands, now located in the Ministry, doubled to around 10m. HRK making it, of course, now even more of a political football.

The National Island Development Programme was adopted by the Croatian Parliament on 28 February 1997. It was also published in a 228 page booklet by the Ministry, representing the most comprehensive overview of island development ever produced in Croatia. Particularly important is Chapter XI, which sets a number of tasks for the national, county, and local government administrations, from the passing of an Islands' Law through to a programme of cultural development on the islands. Each measure noted who should lead the initiative, who should collaborate and, where appropriate, sources of finance. In retrospect, the Programme focuses much less on participatory approaches *per se* than on the importance of rational strategic planning covering all aspects of island life. However, within this, it is clear that mobilisation of all stakeholders would be a *sine qua non* of its successful implementation.

In any case, the immediate follow-up hardly bore well for this principle, with the Ministry not accepting the offer of active Council members to initiate and support the implementation of the Programme. It also has to be noted that, in keeping with a kind of legislative approach to reform in Croatia, these Council members saw the preparation of the Law as the most important next step. The inactivity was compounded by the fact that no one was assigned within the Ministry to implement, or even monitor, the programme either. The Programme appeared in danger of falling victim to the usual fate of 'strategies' with which Croatia had a 'fascination' in the mid 1990s and beyond, described as "teeming with decisions and intentions about drafting strategies" (Starč et al, 2002; 49), but with little life breathed into such strategic documents which often, literally, remained on the shelf.

The Ministry only woke up to its obligations after a draft Island Act was prepared and presented to Parliament by three opposition MPs, to make a point against the ruling party. The Ministry engaged an active Council member to prepare the draft Law, overseen by a small four-person Ministerial Task Force. The group of five again toured the Islands, this time presenting the draft law for discussion. In March 1999, faced with two different proposals, Parliament voted for the Government's draft and against the opposition law. Having been somewhat reluctant to pursue the measure, the Government, in a pre-election year, now announced proudly that Croatia had become the third country in the world, following Japan and Finland, to pass an island law.



Crucially, the Act prescribes the preparation of Sustainable Island Development Programmes (SIDPs) covering all the inhabited islands, consolidated as 26 island groups. These SIDPs were to be contracted and overseen by the Ministry and then adopted both by local government units and Parliament. In addition 14 national, sector-specific State Island Programmes (SIPs), were to be prepared, as well as an Annual National Island Programme containing clear budgetary provisions. The structure provided by SIDPs and SIPs attempted to harmonise top down – bottom up development decision-making and resembled ROPs and SOPs which have become almost compulsory development documents in the EU. The Ministry was also required to produce a standard SIDP methodology to be agreed by Government. It was here that the opportunity for institutionalising participatory processes appeared to exist although, again, the Government's massive increase in the level of state support for islands, set in 1999 at 89 m. HRK (12 m. Euro at today's rates), *before* the programme planning methods were institutionalised, made it less rather than more likely that financing would follow the plans in any kind of rational way.

## **6. OPPORTUNITY LOST OR FOUND?: participatory planning in reform conditions**

At first glance, the reform-minded Government, a coalition of, until that time, opposition parties, elected in January 2000, offered a European perspective on all aspects of development policy in Croatia and, crucially, had the support of international donors in bringing this about. The new political masters in the Ministry for Reconstruction and Development appeared to be acting quickly, upgrading the Centre to a Department for the Islands headed by an Assistant Minister with, for the first time, over 100 m. HRK at the Ministry's disposal for financing island development. Still, in the absence of criteria for deciding priorities, these funds were dispersed according to needs and wants as articulated by the mayors. Hence, the entire process remained untransparent with few checks and balances, with the Department answering only to the Minister, with no formal reporting to Parliament. An index of the fund's importance, in the context of a coalition government, was that the position of Assistant Minister became a highly coveted one, with political in-fighting and turf wars leaving the post unfilled for some five months, with an island politician from one of the coalition partners finally appointed in June 2000. The appointment did not, however, lead to any urgency in terms of implementing the key aspects of the Island Act, with the Ministry failing to live up to its legal obligations to begin the process of contracting the SIDPs.

The impasse continued until April 2000 when, as part of a long term project on 'Consultancy for Regional Development in Croatia' undertaken by GTZ and researchers from the Institute of Economics, permission was sought from the Ministry to be allowed to prepare, with its own funds, the first SIDP in the island of Šolta as a kind of pilot project. Šolta is 9 NM away from the Dalmatian town of Split, covers 58 km<sup>2</sup> and, at the time, had a population of 1300 islanders. The Assistant Minister approved the proposal after some hesitation. The irony, of course, was that here was an externally funded project, involving some of the same researchers as had been involved in the drawing up of the National Island Development Programme, asking permission from the Ministry to undertake a task which was the Ministry's obligation under the Law. The GTZ/EIZ project was rather different from most external development assistance up to that point, being framed much more in terms of flexible programming, genuine partnerships between a small number of external actors and diverse internal stakeholders, and crucially more of a process orientation in which, instead of an obsession with 'successful' outcomes, learning through doing and the importance of

reflexivity and the creation of feedback mechanisms were emphasised. The project, which began in 2000, aimed explicitly to build local capacity for development planning, to introduce a participatory approach to local development planning and to disseminate the corresponding methodology across the Croatian municipalities and towns on the one hand and through the rapidly growing professional group of local consultants on the other.

GTZ and EIZ consultants arrived on the island for the first time in April 2001, but had to wait another month and a half to begin work because the mayor who agreed to the preparation of the programme lost the municipal elections. Towards the end of May 2001, after the elections, the new mayor readily accepted the proposition and the analytical work began. An expert in physical planning was found on the island and sub-contracted. Others had to be looked for in Split and Zagreb. The analysis was completed in September 2001 containing economic, social, environmental, physical planning and institutional reports and, for the first time in the Croatian context, an analysis of the municipal budget was undertaken. Development stakeholders were identified and, in October 2001, participatory workshops were held with representatives of island interest groups as well as the Ministry discussing problems and defining development goals and a development vision. This was a genuinely innovative approach in the Croatian context and was declared a social success in terms of large attendance, lively discussions, and ultimate agreement on development problems, key objectives, the island's strengths and weaknesses, and the measures needed. The process and end results appeared to be of a high standard and proved that islanders could contribute to meaningful discussions on development priorities. Following a month long public consultation process, a draft of Šolta's development programme was completed in February 2002.

On 21 February 2002, the draft programme was presented to the Department for Islands in the Ministry in Zagreb. The Assistant Minister appeared disinterested and made his excuses and left in the middle of the presentation. The Šolta team used the occasion to propose a draft decree on methodology for the preparation of SIDPs which explicitly prescribed a participatory process and insisted upon local adoption of the SIDP. On 1 August 2002, the Decree was adopted by the Croatian Government, establishing a formal framework for implanting participation in development decision-making on the Croatian islands. Of course, as will become clear below, formal frameworks are a necessary but not sufficient condition for changing practices on the ground.

The Šolta SIDP was formally adopted by the Municipal Council in September 2002 and passed to the Ministry. The Department for Islands passed the document to other Ministries for opinions before forwarding to the Government. It was eventually adopted by the Government in November 2003, just before the general election, a full fourteen months after it was adopted on the island. Earlier, in March 2003, a full four years after the passing of the Island Act, the Ministry began the tendering procedure for preparation of the remaining 25 SIDPs, with the last round of contracts with consultancy companies signed in December 2003, including contracts for co-ordination and *ex ante* evaluation with the GZT/EIZ team. In principle, these moves secured the institutional framework for participatory, top down – bottom up, integrated development management.

Realities proved somewhat at variance with this. On Šolta itself, keen to maintain the momentum and obtain some 'quick wins', GTZ financed two tasks from the Šolta SIDP which were undertaken by local consultants: a feasibility study for the improvement of public services and a tourism master plan. Both documents were adopted by the Šolta Municipal

Council but never implemented. On reflection, this was a result of an insufficiently sophisticated institutional analysis and, consequently, a kind of uncritical critical acceptance of stakeholders' proposals which failed to take account of the low implementation capacity on the island. The tasks put forward by the study and the plan, and, in truth, by the Programme that preceded them, exceeded the administrative capacity of the Šolta municipal administration. Fewer and simpler tasks would have been more likely to have been implemented. The mayor and the municipal council put very little effort into implementation, and limited results were achieved. Most importantly, there was little evidence of any proactive stance in terms of seeking other sources of financing than the state budget. The ownership of Šolta's SIDP was, in the end, vested solely in the person of mayor. The rest of the islanders that attended the workshops as well as the nine existing island municipal administrators were detached from any implementation. In addition the only large firm on the island has been increasing its hotel capacities without any reference to the programme. They did not participate in any aspects of the strategic development programme and did not attend the participatory workshops.

On the other hand, adoption of the programme by Government did not lead to the state meeting its financial commitments as set out in the programme. The Ministry stated that the programme was too late for the fiscal year in question, and that all monies for islands had been spent. Here lies the crutch of the issue. The fund for island development, which had achieved a status within the Ministry, and a working method for allocation based on 'wish lists', favouritism, and persuasion, took on a life of its own completely unrelated to the process of establishing SIDPs, now coming to be seen as an unstoppable, but really rather irritating, diversion.

## **7. PLUS ÇA CHANGE? ...: politicised clientelism vs. participatory planning?**

The new Government, taking power in December 2003, continued the push towards European integration. A major reform of Ministerial responsibilities was undertaken, with the Ministry of Reconstruction and Development rearranged to become the Ministry of the Sea, Tourism, Transport and Development responsible still for islands. In a sense, this division created a series of contradictions and intra- and inter-Ministerial conflicts at the heart of Government development policy. To update the SIDP story, the remaining 25 SIDPs were delivered to the Department for Islands in the Ministry by November 2005. The *ex ante* evaluation confirmed that, whilst of varying levels and quality, all had taken seriously the importance of participatory planning processes. At the same time, the municipality of Nerežišće on the island of Brač, with a total population of 13,400, adopted the SIDP. The other seven municipalities on the island remained indifferent to the programme, however.

At the same time, a potential sea change occurred when the Department for Islands made it a requirement that requests for state funding for islands, raised to 214 m. HRK (€ 30 m.) in the 2006 budget, be based on proposals in the SIDPs. This created a somewhat anomalous and contradictory situation whereby the Ministry requires implementation of development programmes which have been approved neither by units of local government nor by the central Government. This official use of unofficial documents has, largely, passed without comment or criticism by local government, careful not to upset the Ministry which controls the purse strings. Allocation of funds has not really become more transparent nor has it really followed strategic priorities as a result of this change.

On 10 March 2006, amendments to the Island Act were passed by Parliament including, most importantly, the obligation on counties to implement SIDPs if island municipalities are unable or unwilling to undertake such a task. At the time of writing (February 2007), the municipality of Nerežišće on Brač is still the only unit of local government to have adopted an SIDP. Of course, this adoption is meaningless because the SIDP refers to the island of Brač as a whole and the remaining six municipalities appear not to want to adopt anything. Šolta's SIDP remains, fifteen months after the other 25 were completed, the only one to have been passed to the Croatian government for adoption. None of the seven counties which contain one or more islands within their jurisdiction have even asked to see copies of 'their' SIDPs.

Notwithstanding cosmetic changes, then, key decisions regarding island development appear to be untransparent and a reflection of a kind of political clientelism. Mayors have learnt that direct communication with the ministry is crucial, leaving the fund, still, to be bargained over and, hence, promoting *ad hoc* and short-term decision making rather than long-term planning.

## **8. CONCLUSIONS: the limits and possibilities of participation in Island policies.**

This historically-based overview shows how the practice of central financing has acted as a disincentive for island administrations to increase their own capacity in terms of learning how to deal with development issues, and has left little room for genuine participation. The administration is left to deal with everyday activities only. All development issues are more or less successfully dealt with by the mayor and he or she (almost all are male) is the only one to deal with county and state sources of finance. The main criterion for a good mayor is the amount of money they have managed to garner from non island sources. In this task, it would seem that informal and political connections are the most efficient and effective in the short-term, which is the only timescale that matters. There is little incentive for participatory processes and procedures leading to capacity building of the island administration, and strengthening of island governance in the medium-term in order to make the island less dependent on central funding in the long-term.

There are real political barriers to participation. The process of so-called decentralisation that has been paid lip service to in Croatia since the early 1990s has, paradoxically, also worked against participation in development decision making. Successive governments have allowed for, and even supported, the establishment of new municipalities and towns so that the 118 municipalities that existed in 1991 had been divided by 2006 into 570 smaller ones. More than a half of these cannot cover their administrative expenditures and are dependant on central financing. In this way municipalities have become more dependant on central government than ever. Decentralisation, praised as a *sine qua non* of the development of participatory democracy appears in Croatia more as an act of subtle and non transparent centralisation. Participation is in inverse proportion to centralisation because a chronic lack of finances prompts mayors to seek quick solutions.

There are only five Croatian islands where the unit of local government is island-wide. Most others consist of between two and seven towns or municipalities, and the smallest islands share a unit of local government either with another island or with the mainland. There are no mechanisms for joint planning and resolution of disputes on divided islands and islanders' potential for participation, so evident in the process of preparation of SIDPs, is not realised. The mayors from the same island often compete for the money at the Ministry, and duplicate plans, for new seaports or even airports, are not uncommon.

There are also infrastructural limitations since investments on islands tend to have higher unit cost than those on the continent. This is a result of a combination of factors including: the cost of transportation of materials and necessary equipment across the sea, and the fact that small-scale investments do not allow for the realisation of economies of scale. The smaller the island, then the more costly is the development of infrastructure. At the same time, the smaller the island, the lower are local fiscal revenues and, consequently, less local funds are available for public investments. Consequently, the smaller the island, the greater its dependence on external financing, which lowers the possibilities for the development of efficient participation.

There are some socio-cultural factors which also need to be noted. The preparation of the SIDPs showed that the Northern, more developed, islands have somewhat better mechanisms for the operationalisation of development decisions made in a participatory manner. Their mayors do have interlocutors from civil society which, whilst still in its formative stages, is more visible and vocal here compared to the Southern islands. The less-developed Southern islands' populations are no less willing to participate, however, although the mechanisms for operationalising this participation remain under-developed, and a more paternalistic tradition remains in place. Actually, although more research is needed, the readiness of islanders to participate seem to be greater in predominantly fishing villages and communities than in predominantly agricultural ones. It may be that fishing implies a group effort and high mutual dependence of those involved, with the catch divided amongst fishermen on the basis of the average rather than marginal work input. Agricultural activity on islands is highly individualized and farmers do not depend on each other so that there may be variations in levels of social capital.

In addition, the institutional capacities of many islands in the context of out-migration, coupled with the lack of island identification by some stakeholders (such as business interests), also tends to inhibit the implementation of programmes. The inevitable tension between permanent residents of islands and those who are more concerned to have a week-end or summer retreat is important here, although the role of external business interests as well as island-based companies should not be understated.

The pessimistic conclusion of the story appears to be that only the top down element of strategic planning in terms of island development has been implemented, and this itself in a distorted, and highly inconsistent way. Some of the contradictions of the top down policy which directly or indirectly discourage participation, can be seen from the narrative above. Firstly, the Government adopted a National Programme which explicitly requires islands to be seen as indivisible development units, whilst promoting their division into more and more units of local government. Secondly, the Island Law stipulates a high level of coordination of ministries and public utilities, whereas ministries rarely coordinate and often compete with each other. Thirdly, SIDPs are meant to be the basis for the distribution of state funds, whilst not being formally adopted anywhere. Fourthly, participation in island development decision making is required by means of a government decree, but mayors are still allowed to approach ministries with requests not covered by SIDPs and money is granted on other, non transparent, criteria.

A more optimistic conclusion might, perhaps, suggest that twin processes of pressure from the process of European integration could combine with an increasing competence, awareness and pressure from civil society organisations to promote good participatory governance. If

this is the case, there are enough critiques of the lack of impact of EU policies and programmes in this field, as well as concerns regarding the 'false positives' regarding civil society, to know that any such twin pressures will take a great deal of time. Meanwhile, islanders themselves, who offer no obstacles to the full flowering of participatory processes, will have to wait.

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