

Tangled up in blue: the Croatian islands and participatory development planning

N. Starc & P. Stubbs

The Institute of Economics, Zagreb, Croatia

Abstract

The socio-economic history of the Croatian islands is viewed in the paper as a nonlinear narrative of various uninvited but irresistible disembarkations. In spite of the socialist self-management system that the Croatian island communities had been a part of for almost half a century, stakeholder participation was proposed only recently. It was institutionalized in 1997 when the National Island Development Programme was passed by the Croatian Parliament and the Island Development Centre established in the ministry of development. The Island Law and some necessary bye-laws were passed in the period 1999–2002, creating conditions for the preparation of Sustainable Island Development Programmes for each and every inhabited island and securing a special line item for islands in the national budget. This constituted a rather peculiar ‘top-down meets bottom-up’ form of island development management. The text examines the actual implementation of the island development management scheme. Participation in island development management is addressed as a specific topic within the study of local development planning in a post-communist transition context. It is shown how the Croatian practice of central financing has acted as a disincentive for island administrations to increase their own development management capacity. Despite certain gains the complex relationships between political competencies, institutional capacities, and socio-cultural forces continue to work against participatory planning.

Keywords: islands, Croatia, participation, planning.

1 Introduction

Regions require policies tailored to their development specificities as the meanings of sustainability and institutional capacities may differ significantly, as



may development levels [1]. Regional specificities relating to natural resources, population structure, economic and social history, demographics, and so on, make a difference. Islands appear as a specific type of region, marked by easily penetrated ecosystems, autarchic economies, unique cultures and fragile social structures. If left alone, islanders know how to manage. Once involved in a wider spatial division of labour, an island autarchic economy becomes part of the mainland economy whereas a small island society becomes a part of continental social and institutional structures. Islands become subjected to continental development policies and far too often are faced with continental policy makers disregarding the specificities of the place they have disembarked on.

In the context of the growth of 'island studies' exploring "the constitution of 'islandness' and its possible or plausible impact on ... policy foci/issues" [2], studies of sustainable island development have grown apace. Researchers have addressed planning in the context of the paradox of islands' simultaneous 'vulnerability' and 'resilience'. Islands are seen as having an entrenched peripheral status. The recent economic and social history of the Croatian islands reveals almost all the paradoxes found in the broader literature. Almost everything that can happen to an archipelago has happened: undesired disembarkations, overseas emigration and depopulation, ill-conceived policies, and the conjunction of war and transition. It also shows what happens when islanders are not consulted and what happens when they do participate. The last point is particularly important because it opens up the question of island development management as a specific topic within the study of local development planning. It is the case that, within the study of islands, there has been little attention to islands in countries undergoing post-socialist transition. Similarly, within the study of post-socialist strategic development planning, there has been almost no attention to islands. This study thus addresses both the resilience of islands and their heightened susceptibility to change, based on a periodisation from socialism to post-socialism and from being a part of a federation to national sovereignty and independence (around 1990 and 1991); from war to peace (around late 1995); from authoritarian nationalism to a more democratically oriented government (in 2000); and towards a kind of democratic consolidation and pursuit of EU membership (from around 2003).

2 The Croatian islands: a brief history

Croatia has some 1,246 islands, divided into 79 islands proper; 526 small islands or islets; and 641 rocks, either permanently or temporarily visible [3]. The total population of the Croatian islands reached its peak in 1921, at 173,503. There was a systematic decline until 1981 when the total was 114,803, only 66% of the 1921 level. The Croatian island population is older than the general population and has a higher dependency ratio, with 27% of the island population aged 60 or over as measured by the 2001 census, compared to 22% of the general population.

There was an expansion of the island population in the 1980s, reaching 126,447. This 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 'push' factors in terms of economic crisis in the urban areas. Currently, some 2.89% of the Croatian population, 125,082 people, are registered as living on one of the 47 inhabited islands. Only two Croatian islands exceed 400 km² (Cres and Krk), with none of the Croatian defined 'small islands' bigger than 20 km². The 47 inhabited Croatian islands range in population from 2 to 19,286 (Krk), with only four having a population of over 10,000 [4]. In total, there are 313 settlements, with only 12 having a population of 2,000 or more.

Economic activity remains rather simplified when compared to continental Croatia, with islanders, on the whole, having proved able to utilise 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%. 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), the latter experiencing consistently lower rates of economic activity.

The economic and social history of small islands in Croatia is a narrative of varied and various uninvited but irresistible disembarkations. The Austro-Hungarian Empire introduced capitalism to the islands and gradually made them knots in a continent-wide network of the spatial division of labour. In this phase, autarchy was slowly abandoned to make room for a specialised island economy dependent on whatever fluctuations and investment waves took place on the mainland. The fishing industry, wine production and, to some extent, ship building were the first to experience mainland investors. The islands faced the paradox of two policies; one made by islanders and another, colonial and resource stripping, imposed from outside. In the early 20th century, the Austro-Hungarian Empire was replaced by Italy in the north and by the Kingdom of Yugoslavia in the south. Development policy remained dualistic although most resources were already utilised or near exhaustion except for the islanders themselves. This last resource was not utilised on the islands however and most islanders left for the mainland ending up in both Americas, in Australia, and elsewhere. Island specificities, or rather the differences between islands and the mainland, became sharper but the top down policy did not respond, as the negative effects accumulated further as agriculture and fishing were slowly abandoned.

3 Islands under socialism

Socialist Yugoslavia brought socialist planners who imposed the ideas of concentrating industry and collective ownership of agricultural land. Numerous small canneries and industrial workshops were thus dismantled and transported from smaller islands to bigger ones or to the mainland. In classic central planning, regional specificities and local economic effects were disregarded and



locals had no say whatsoever. The era of top down policies with no participation by islanders reached its peak in the early 1950s, leading to a mass exodus of islanders. The figures in Table 1 show the sharp decline described by the census of 1948 and 1953. In the late 1950s, in contrast to most countries in Central and Eastern Europe, Croatia as a part of socialist Yugoslavia introduced participation at the local authority or municipal level, following the introduction of socialist self-management as an intrinsic part of 'the Yugoslav exception' after the break with Stalin and the Soviet Union. The system revolved around Workers' Councils as organs of workers' control in all enterprises. In fact, 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 very few decisions being made and implemented in a truly participatory manner. All municipalities produced an annual 'Social Development Plan' which was endorsed politically, but with no citizens' participation whatsoever. In practice, these documents became more and more formalistic with each successive plan involving rewriting and adjusting the previous year's document.

Municipalities also commissioned occasional Physical Plans which were produced by licensed consultancy firms. These boiled down to land use plans inspired more by the development aspirations of the municipal leadership than on basic economic and social analysis. Draft plans were often presented in a non-user-friendly form so that even educated readers could not see clearly what was being proposed. Future land use usually remained blurred to future land users, so that changes in response to public concerns were, nearly always, merely cosmetic. The practice of producing physical plans, underpinned by an architecture of laws, regulations and decrees, survived independence and transition. Whilst islands were not the focus of attention in this period, there was an opportunity to begin influencing their own development although small islands already were faced with large-scale out migration and large islands became reliant, from the 1960s onwards, on growing tourism and declining industries. Even in the context of the expansion of tourism, there was still less attention to islands *qua* islands than as a part of coastal municipalities. Islands remained undeveloped mainly as a result of the higher costs 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.

In 1985, the Island Development Co-ordination was formed as a consultative body consisting of the mayors of island municipalities. One key figure, the Head of the Department for Islands in the Association of Dalmatian Municipalities, drove the idea and encouraged 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. 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.

Another initiative of the same period was, however, more participatory. In 1986, a new initiative emerged based on common ground between the then President of the Municipal Assembly and researchers from the Institute of Economics Zagreb (EIZ). 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 taking into account island specificities, and, crucially, promoting the role of islanders in decision-making. From its inception, the Centre came up against the dominant power structure on the islands, namely the two main tourist and trade firms which employed most of the active population, and which controlled municipal decision-making. 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. 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 and was formally closed in 1994.

4 Islands in war

Not surprisingly, in the early 1990s, island development was rather lost as a political issue in the context of more pressing issues in terms of Croatia's independence and the war which, between 1991 and 1995, affected significant parts of Croatia. Many islands faced blockades from the sea denying their population access to the occupied mainland. More generally, war brought the need for crisis management in government so that questions of strategic development were far from 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 556 municipalities and towns in 2012. In addition, larger regional units were abolished in favour of 20 counties plus the city of Zagreb. Islands were increasingly divided between a number of municipalities and, in one case between two counties. There were 9 island and 7 coastal - island municipalities in 1991. By 2008 this had risen to 54 island towns and municipalities and 8 coastal - island towns and municipalities. A correspondence in terms of an island being covered by one municipality occurs in only five cases. 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 the massive number of refugees and internally displaced persons. 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.

In part a legacy of the Lošinj Centre, a designated Centre for Island Development was established in 1993 as the administrative body responsible for decisions regarding the disbursal of the state budget for islands which then stood at about 6 m. Croatian kuna (HRK) (now about 1 m USD). This replaced a bottom-up initiative with a largely top-down initiative, incorporating the Centre into the state apparatus. In creating a fund and giving the Centre responsibility for disbursal in the absence of agreed mechanisms for prioritisation, it created the conditions for political in-fighting, lobbying, the use of informal contacts and, even, corruption. However, at the same time, 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 of Transport and Seamanship. It comprised some twenty five island mayors, other 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 The national island development programme

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 new Ministry of Reconstruction and Development. One of the major priorities of the Ministry was to prepare national development programmes including a National Island Development Programme. An inter-disciplinary working group including outside experts was established, gaining the status of a formal Council. The Council oversaw the preparation of the National Programme, with five of its members playing an active role in its drafting. 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 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. As part of the new commitment to island development, the budget for islands, now located in the

Ministry, doubled to around 10 m. HRK or 1.6 m. USD 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 boded well for this principle, with the Ministry not accepting the offer of active Council members to initiate and support the implementation of the Programme. Moreover, in keeping with a kind of legalistic 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. 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 twenty six 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. 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 (15 m. USD 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 Participatory planning in reform conditions

At first glance, the reform-minded Government, a centre-left coalition 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 Islands headed by an Assistant Minister. Still, in the absence of criteria for deciding priorities, funds were dispersed according to needs and wants as articulated by the mayors. Hence, the entire process remained non-transparent with few checks and balances, with the Department answering only to the Minister, with no formal reporting to Parliament. An index of the Department's importance, in the context of a coalition government, was that the position of Assistant Minister became a highly coveted one, with political infighting 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 the German state agency 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 km² and, at the time, had a population of 1,300 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 who 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 which emphasised learning through doing and the importance of reflexivity and the creation of feedback mechanisms.

Analytical work began in May 2001 and was completed in September 2001. 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 '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 and even define

development measures and projects i.e. tasks usually reserved for professionals only. Following a month long public consultation process, a draft of Šolta's development programme was completed in February 2002 and 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.

The Šolta SIDP was formally adopted by the Municipal Council in September 2002 and passed to the Ministry. 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 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, GTZ financed two tasks from the Šolta SIDP: 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, the tasks exceeded the administrative capacity of the Šolta municipal administration. 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. In addition the only large firm on the island had 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.

Similarly, adoption of the programme by Government did not lead to the state meeting its financial commitments. The Ministry stated that the programme was too late for the fiscal year in question, and that all monies for islands had been spent. Crucially, 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.

The new Government, taking power in December 2003, continued the push towards European integration. The remaining twenty five 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. The Department for



Islands made it a requirement that requests for state funding for islands, raised to 214 m. HRK (38 m. USD) in the 2006 budget, be based on proposals in the SIDPs. Quite a few mayors approached the Department with requests for financing projects without making any reference to their islands' SIDPs but able, subsequently, to argue that whatever they have proposed already existed there. In this way, participation resulted in lists of projects rather than coherent planning.

In 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. However, Šolta's SIDP remains, years after the completion of all 26 SIDPs, the only one to have been passed to the Croatian government for adoption. The Ministry in charge for implementation of the Island Act appears uninterested in implementing it. None of the seven counties which contain one or more islands within their jurisdiction have even asked to see copies of 'their' SIDPs. It became clear that SIDPs were destined to end up on the shelf alongside with other numerous Croatian development documents that were never implemented. The budget contained the usual item for islands as if the National Island Development Programme did not exist.

The elections that took place at the end of 2011 brought a significant change as the right-wing party lost the elections after two full mandates. For the second time in the modern history of Croatian parliamentary democracy, a social democratic-led coalition returned to power and announced a European path of development, in line with Croatia being due to join the European Union on 1 July 2013. Less than a year after the elections optimists could claim that the new brooms still need some time to sweep away the old and bring in the new. The pessimists can claim the obvious: notwithstanding cosmetic changes, key decisions regarding island development still appear to be non-transparent 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.

7 Conclusion

This 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, with the mayor left to decide on priorities and seek county and state funding. There is little incentive for participatory processes and procedures leading to capacity building of the island administration, and strengthening of island governance in order to make the island less dependent on central funding. The complex relationships between political competencies, institutional capacities, and socio-cultural forces continue to work against participatory planning. The process of so-called decentralisation has, paradoxically, worked against participation in development decision making with successive governments supporting the establishment of more and more



new municipalities and towns, more than half of which cannot cover their administrative expenditures and are dependent on central financing.

The pessimistic conclusion 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. 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 now certain 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, it is clear 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.

References

- [1] Healey, P., Collaborative Planning: Shaping Places in Fragmented Societies, Hampshire: Macmillan. 1997.
- [2] Baldacchino, G., 'Islands, Island Studies, Island Studies Journal', *Island Studies Journal*, Vol. 1, No. 1, 2006, pp. 3-18. 2006.
- [3] Duplančić-Leder, T. *et al.* 'Categorization and Number of Islands in the Republic of Croatia' *Periodicum Biologorum* 102, suppl. 1. 2000.
- [4] Lajić, I. and R. Mišetić, 'Island Logarithm: actual conditions and contemporary demographic processes in the Adriatic islands' Zagreb: Institute for Migration and Ministry of the Sea (Croatian language publication). 2006.

