

Starc, Nenad

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Dr Nenad Starc  
Institute of Economics Zagreb  
Kenedijev trg 7,  
10000 Zagreb, CROATIA  
tel: 385 1 2335700  
fax: 385 1 2310467  
e-mail: nstarc@eizg.hr

44th European Congress of the European Regional Science Association

## Local Community, Development Management and Transition<sup>1</sup>

### Summary

The paper deals with development management in a transition country (Croatian case) and focuses on preparation of strategic development documents on regional and local level. Socialist legacy obvious in still existing formal approach to preparation and adoption of development documents is discussed first. Inadequacies of such a practice are observed and analysed including the gap between strategic document production and actual decision making.

A participative, goal oriented methodology for preparing development documents is proposed next. Preparation steps are listed on the basis of common methodology required by European Union structural funds. Adjustments necessary to make the methodology applicable in the Croatian socio-economic environment are derived from various case studies. Main steps are described and explained as follows: i) estimation of readiness of potential beneficiaries, ii) kick-off seminar, iii) establishment of development councils and development teams, iv) SWOT analysis, v) participative identification of problems, goals and measures, vi) drafting the programme, vii) harmonisation with political programmes, current development programs and plans and the budget viii) public hearing, ix) drafting the Action plan, x) formal adoption and xi) monitoring and evaluation.

Implementation problems are discussed in the remainder. Main observed barriers to a sound programme based development management are: lack of participation in strategic decision making, lack of institutional considerations in programme preparation, inappropriate management capacity of local governments and, before all, lack of political will to base development management on appropriate documentation.

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## 1. The Legacy

An optimist could argue that Croatian regional policy has started its transition and that the rich history of socialist planning has left useful experience, secured a certain level of planning culture etc. A pessimist could argue that there is hardly any regional policy around and that the socialist legacy is nothing but a burden. Socialist planning was methodologically ill-conceived, the first ten years of transition brought no experience in terms of monitoring and evaluation, and decisions are still made in the good old non-transparent way.

Both views should be taken into account here with a remark that the pessimist could find much more evidence to back up his/her statements. The Croatian development practice is abundant with development documents labelled "strategic programmes", "strategies", or "long term plans" prepared at all levels, starting from the national level down to the level of local boards. The common characteristic of all these documents is that they do not get implemented and that existing institutions do not seem to care. Since development programming has been called for by both recent national legislation and the EU documents, the current practice of programming requires a bit of analysis.

The preparation of a standard Croatian municipal development programme starts with the recognition that usual day-to-day decision-making is no longer acceptable and that the development of the municipality should be managed. This is usually recognised by the mayor or a couple of members of the town/municipal board, who in an attempt to solve the problem, usually deduce that they need a strategy. In order to develop one, the mayor searches for a competent person or an institution that might be able to do that for them. Usually, nothing of the kind can be found in the municipality and the mayor ends up in one of the regional centres or most probably in the capital - Zagreb. Since no institution exists at present that could provide relevant guidance, the mayor uses his personal connections and/or randomly gathered information and eventually finds someone who is willing to prepare a strategic document. This may be a consultant or an informal team of consultants, but also a scientific institute, or one of the country's five economic faculties. The mayor and his/her board members express their development views and proposals, whereas the consultants rarely expose the methodology that they are going to use and simply state that the program can and will be prepared. After the contract is signed the consultants visit the municipality, gather data, have further talks with the mayor, and visit municipal administrators and directors of

important local firms and retreat to the capital. After a while (it takes at least 6 months to prepare the document) the strategy is prepared and delivered to the municipality. Delivered means mailed; the consultants rarely show up to present what they have produced.

A sample of development documents produced in such a manner reveals an almost standard structure. A "standard" document starts with an exhaustive and informative exposition of the current situation beginning with natural characteristics of the area and ending with a description of the municipal economy and social services. Data are often insufficient for a thorough analysis, but this part is nevertheless far better than the rest of the document. Development objectives are stated generally and not given much explanation so that most of them could apply to almost any municipality in the country. As a consequence, no action plans are developed to state who does what, in what time, and for how much. Development recommendations are general as well and addressed to a municipal administration or to some vague higher government level without specification. Recommendations are often stated as a wish list that includes statements, such as "supportive infrastructure should be improved", "conditions for faster growth of SME should be secured" and similar.

Such an approach to development planning is the legacy of socialism. It still determines the understanding of the development process and its management so that a vast majority of local development plans and programmes from the 1990's look as if they were produced in the 1970's or even 1960's.

One of the side effects of the legacy is the lack of institutional analysis. Institutions were not a welcomed research subject in socialism and those who undertook programmes carefully avoided to question the capacity and ability of those that made decisions. The skills for such an analysis were never developed and institutional economics is still not taught at economic faculties. The programmes that specify development measures and assign them to previously analysed institutions are thus exceptionally rare. Another side effect refers to the municipal budget. It is rarely analysed and almost never examined in the course of preparation of the development programme. Even if the programme has stated how much money is needed for the implementation, there are no counterpart items in the municipal budget and it remains unclear where the finances will come from.

The mayor and his Board are thus left with a document that is of little use. They are left with the same knowledge about what they should do as they had before the strategy was prepared. The mayor soon turns back to his/her urgent daily problems and continues to do what was previously the reason for searching for a strategy. The document stays on the desk for a while and soon ends up in "a drawer".

Strategies at the national level are prepared in a similar way. The beneficiaries are ministries, state agencies or some sector association, whereas on the supply side one finds the same consultants that produce municipal strategies. The contracts are bigger and the contract period may exceed one year, but the final stage appears to be of the same value. Produced strategies are of little use and the final destination is again the drawer.

The reasons that this relatively useless activity has been going on are to be found on both sides. Municipal mayors, county prefects and Board members are rarely properly educated (at the same time, they hesitate to rely on advisers). There is no experience and the administration is not skilled enough and, as a rule, not motivated. In addition, the economic environment in which the municipality is supposed to be managed, is quite turmoil and highly unpredictable, so that it seems that day-to-day decision-making is the only possible way. The administration at national level does it somewhat better, but is, nevertheless, too often equally non-operational. State administration has generally proven to be unable to derive action plans from the strategic documents let alone their implementation, monitoring and evaluation. As for the consultants, their contracts expire when the document is delivered. They charge their fees and leave, while the administration is left alone when consultancy is needed most.

## 2. Current Pilots

The Republic of Croatia as a post-war and transitional country has been receiving international technical and financial assistance for regional development projects over the past 10-odd years. Several international development agencies have provided support to the Croatian government and as a result, a couple of elaborations of regional and local development strategies were initiated as pilot projects. These agencies in co-operation with local experts and government institutions have independently tested proposed methodologies for strategic development plans in various regions and localities. In this way, domestic practices

are coupled with attempts to introduce more advanced and socially justifiable ways of managing regional development. 3 years has not been long enough to resolve all the problems associated with the application of foreign methods in Croatia and the results are yet to be seen. However, it is already clear, that a better development management has appeared on the horizon.

Comparison of all methodological approaches applied in Croatia so far shows that the main points of strategic planning on local and regional level are almost the same:

- A definition of the vision, objectives, priorities, measures, sub-programmes, projects
- emphasis on monitoring and evaluation
- implementation provisions – operational plans, project fiches, continued support in initiation of identified priority development projects
- broad participation of relevant stakeholders and citizens
- publicity actions

The methodological differences can be seen in the procedures applied in the course of the preparation of the programmes. The main difference is the participatory methodology, in terms of the way the operational plan table and sequencing of steps in the process, are presented. This actually demonstrates the need for flexible methodological guidance, where emphasis is put on the adaptation to each specific circumstance of every single locality or region with different regional specificity, cultures and traditions. It proved helpful that some agencies put more effort into highlighting and elaborating the intermediate steps through detailed manuals and sample documentation.

Current pilots clearly show that a common local programming methodology should be defined. First of all, regional policy is needed to tackle the imbalances created by sector policies and market imperfections – these have resulted in spatial development imbalances. Any policy should strive for equal availability and accessibility of all Croatian citizens wherever they live (remote areas, rural areas, islands), and also give opportunities to citizens in areas suffering from structural and economic problems, which often lead to social problems. In addition, strategic development plans have proven to be a useful tool for ensuring that all levels of government provide their support efficiently and meet real needs with less scarce resources wasted. Besides, medium-term programs are a good basis for efficient budgeting because funds are planned according to programmed activities and not

vice versa. Accordingly, a common programming methodology for development activities at all levels provides a basis for better administration and development management.

The methodology proposed here as a suitable common way of producing local and regional development programmes is based on certain principles and requirements of strategic development planning. These are elaborated first. The necessary steps that are to be followed by the makers of the programme are described in the remainder. The content of the programme document is also proposed

### 3. Principles, Requirements

Strategic development planning is a constant, complex, self-strengthening activity performed by those interested and/or responsible for the meaningful management of the overall development process. Self-strengthening should be secured by frequent feedback and assessment of the steps which has been already conducted. The particular planning activities are programming, implementation, monitoring and evaluation and revision of development orientations and measures.

The preparation of a development programme is the first step in the development planning process. It should cover programming, implementation, monitoring & evaluation and revision of planned development activities. Although necessary and by all means important the programme can "only" provide the direction and the medium-term plan of operation, and include a rough time and resources schedule. The equally important operational part of the development programme is often underestimated or even neglected: to develop a programme often means to achieve development!

The core aim of strategic development planning is integrated development. This means that economic, social and ecological issues are not to be understood as three important parallel goals, but as equal development segments. All three are to be integrated in the development vision and related development objectives. Different segments of development take place in different time horizons and only with an understanding of this integration it is possible to meaningfully assess the short-term purpose of economic development, the medium-term purpose of social balances and the long-term purpose of the protection of natural resources. The initiation of the sustainable development process is not possible by fostering

economic development to meet the existing pressures without caring about social principles and ecological requirements at the same time. Although different time horizons and therefore different pressures on the actors exist, the development efforts must not concentrate on the issue with the biggest pressure only but have to consider social and ecological aspects as well. Otherwise the efforts to mitigate economic problems narrow the room for future manoeuvres and endanger the sustainability of the development.

#### 4. External Experts

The practice of engaging external (domestic and foreign) experts in preparing strategic development programmes is quite common in Croatia. However, their role is not adequately defined. The experts' contributions and responsibilities should differ during the various steps of the process. In general, the sequence of their involvement can be described as starting with the main active part (structural audit) followed by methodological support and ending in an active part shared with respective experts from the municipality.

The flexible involvement of international experts is a prerequisite for participative planning, because enough room has to be provided at every step of the process for the stakeholders to contribute to the preparation of the programme. This leads to an increase in commitment by stakeholders and leads to ownership of the programme and of the development process as such. In this way the stakeholders are also challenged to articulate themselves and express their interests and needs.

In the case of a direct contract with a municipality or a county, the experts act as advisors of the respective authorities in particular and of the local stakeholders in general, but also as resource persons for the implementation of particular steps, without dominating the entire process. The leadership of the process is assigned to local elected authorities (boards, councils) or to bodies, which are established specifically for steering and organising the process of development planning.

This approach makes the entire process much more complex. Flexibility allows for intensive communication between the experts and the municipality. The experts are linked to the municipality and they must be able to step into the second row in the phases of identifying key-problems and development objectives and to give the floor to local stakeholders. External experts have to provide qualified assessments



of the existing situation in the municipality. The preparation of the SWOT-tables allows them to give a detailed and well-visualised description of the potentials and risks, which are faced by the community. The authorities and stakeholders have to be informed, convinced, interested and motivated permanently to play an active and creative role in the process.

What seems at a first glance to be ineffective actually provides the base for increased commitment of the municipality's actors in the preparation and, even more important in the implementation of the development programme. This flexible approach is an investment for the future because the ownership by local actors is strengthened. Their involvement increases the overall competence at a local level. Both impacts intensify the chance of the successful realisation of the programme. As for the experts they must show high flexibility in order to respond to the specific local conditions, high technical know-how and good competence in moderation and communication.

## 5. Participation

The role of external experts reflects that participation is the key-issue in the preparation of the strategic development programme and local development management in general. It is particularly important for groups who are usually not involved in technical and political discussions and who very often belong to the economically weak and powerless segments of society. The participation should therefore go beyond technical contribution, information provision, and political adoption. Participation should foster the articulation of specific interests and needs, enable "silent groups" to be heard, challenge political debates, create awareness and commitment and allow for the preparation of a programme which is based on the particular needs of the different stakeholders.

From the very beginning, the stakeholders (government, administration, associations, interest groups, entrepreneurs, etc.) and the general public have to be involved in the process. Public presentations, public hearings, articles in local newspapers, distribution of leaflets, announcements in the local radio and television (if available) and similar activities are basic instruments to inform the public and motivate them to contribute.

In the second and third step of the programme preparation process (identification and ranking of key-problems and formulation of development objectives) representatives of the various interest groups, but also non-organised representatives of the population have to be invited to participate. The stakeholders have to be informed about the forthcoming preparation of the development programme and about the ongoing activities. If people are informed in the beginning and no further public information activities are conducted, the interest in the programme in general and in the contributions in particular will diminish rapidly. Public presentations, radio announcements and discussions, leaflets, articles in local newspapers, etc. should be organised.

A critical phase is the selection of stakeholders, because the involvement of all relevant interest groups may lead to unpleasant discussions, which the responsible politicians will not appreciate. Especially those that tend to avoid open discussions with their political opponents. However, this is a prerequisite for establishing a solid base for the development of the municipality and has to be fulfilled. The same goes for technical experts. It is sometimes difficult for them to defend their technically formed opinions in front of subjectively affected persons who argue in a more emotional way. Many experts are not in a position to consider "semi-professional" opinions and do not accept them as serious contributions. But participation stands also for the tolerance to recognise opinions of different technical levels and individual concerns.

To avoid lengthy and essentially fruitless discussions, effective discussion-structuring and decision-finding methods should be applied. Seminars conducted in several Croatian municipalities proved that 60 to 70 representatives from various stakeholder groups could easily be hosted into the discussion of key-problems and strategic orientations. Within the one and a half day strategic seminar, which included presentations of the sectoral analyses, key-problems were identified and ranked and development objectives for various sectors were formulated.

After the programme document has been finalised, the draft version has to be presented and discussed in public. Each citizen has to have an opportunity to go through the document and give comments, recommendations, complaints and any other suggestions in written form to the local government. The public discussion can be initiated and fostered by discussion on the local radio, articles in local newspapers, distribution of leaflets with summaries of the basic document,

availability of the document on the internet, public presentations and display of documents in public locations.

Public hearings appear to be the most important. The responsibility for all the measures from the programme is by definition assigned to the local authorities and not to the international experts. Whatever is achieved, the public will see their local government as the driving force behind. External experts should only advise the local authorities in the preparation, implementation and assessment of the public discussion. Consequently, the selection of the stakeholders that will be invited to workshops has to be done very carefully. At the very beginning of the preparation of the programme a "kick-off meeting" should be conducted with the responsible authorities and representatives of the major stakeholder-groups.

## 6. Development council

Development council is a body established by the municipality/county at the very beginning of the preparation of the programme. It comprises of various local experts and representatives of stakeholders and appears to be a powerful instrument to foster the overall development process. The reasons for its establishment are threefold:

- a considerable portion of the workload is taken from the local government
- various stakeholder-groups can delegate capable, competent and motivated representatives
- inclusion of representatives from various stakeholder groups supports the creation of mutual trusts among the interest groups

Usually there is some hesitation about installing another "institution" and to taking steering competence away from the local government. Nothing is, of course, taken away from anybody because the responsibility for making the final decision is still with the local government.

## 7. Politicians

Participation raises the expectations of stakeholders and the general public about the pace of improvements of their (economic) living conditions. However, the development process is inevitably slow and excessive expectations can quickly turn into frustrations, even if the programme has been well based on widespread

consensus. This could be used by politicians for their political manoeuvres. Thus, political backing of the various steps and initiatives in the process appears a decisive aspect of strategic development planning. The local government has to approve the measures in each phase, starting with a formal resolution of the municipal/town council to begin the entire process. The reason behind this, is the urgently required commitment and the ownership of the political institutions to the whole process and its individual steps. For the population, it should be made clear that the government and the political representatives are informed about every step and measure, that the proposed initiatives are accepted and that the prepared documents and results are adopted by the political authorities. Croatian experience confirmed that more that decentralisation is realised more important transparency of formal political decisions becomes.

#### 8. Programming vs. Implementation - Closing the Gap

A crucial deficiency of development planning in Croatia is the gap between programming and implementation. Often, the presentation of a more or less sophisticated planning document stands as the end of the planning process and serves as the false manifest of the will of politicians to care about development. The Croatian practice points out that very often neither politicians nor experts are really interested in seeing the document or the concepts written in it as guidelines for the future development efforts in the municipality/county. Thus, one of the most important points of the development planning process is bridging the gap between participative, integrated and qualified programming and objective-oriented implementation. Responsible authorities (local government, development council) together with the experts should identify priority measures or projects and start implementing them as soon as possible after the adoption of the programme document by the municipal/town council.

It is advisable to select priority measures that lead to immediate and visible benefits (measures with a "bang-effect"). This means that the measures should be suitable to attract the attention of the public. The immediate effect of such measures proves the will and the ability of the responsible authorities not only to talk about fostering the development of a region but also to produce some tangible effects. It should be made obvious that the programme is the inevitable base for starting the implementation of the listed measures. "Bang-effect" measures require

the consideration of corresponding budget items, and causes a direct link between the development programme and the preparation of the annual budget.

The design of the budget, besides the operational costs of the administration and unavoidable costs of other municipal responsibilities, has to be done on the base of the plan of operation. In order to implement the medium-term plan of operation, which covers a period of several years, the plan of operation has to be broken down into yearly action plans, which contain those projects or specific steps of the projects, which are to be implemented in the following year. The preparation of the budget for the following financial year must be directly linked to the preparation of the annual action plan. In the administrative reality the different planning procedures are rarely connected to each other. In the case of the development programme and budget preparation this connection is an inevitable precondition to succeed finally in the initiation and realisation of a sustainable development process.

## 9. Preparing the Programme

The preparation of a strategic development programme has four steps. They follow the logical starting point from the present (existing situation and key problems), enters the future (development objectives) and ends up in building a bridge from the present to the future (linking the existing situation with the requested future situation). The understanding of this logic is a prerequisite for an adequate preparation of the programme.

The strategic development programme should have a strict formal content. There are several reasons for such a requirement. First of all programmes of this kind are produced in a municipality/town or in a county and implemented at all three existing levels of government. Municipal programmes may contain measures that are also covered by the programme of the county to which the municipality belongs (e.g. a section of the planned county water supply system may be located in the municipality). In turn, county programmes should be consistent with all parts of the programmes of the municipalities and towns in the county beyond the municipal significance. In addition, the municipal and/or county programmes will serve as part of the overall documentation when a municipality or a county applies for financing of their projects at various ministries, funds and governmental bodies at

the national level. It is obvious that numerous programmes, that are to be considered at national level, should be compatible.

Programmes that reflect different methodological approaches and have different content do not allow for comparison, and burden the decision-makers at the national level with unnecessary problems. Such an inconsistent pile of programmes on the desks of various bodies that decide about the allocation of state finances to regions can also lead to non-transparent earmarking and hidden agendas. Croatian accession to the European Union has to be taken in account here as well. The development programmes that have been produced across the Union for years now, follow the same methodological guidelines and this practice should be introduced in Croatia as soon as possible. Of course, the formalisation of the content of municipal/county strategic development programmes will not in itself solve all the problems. It will, however, make the programmes compatible and contribute to further development of the regional development methodology.

The municipal/county strategic development programmes should have the following content:

Executive summary  
Introduction

1. Structural analysis
  - 1.1. Environmental, spatial planning and resource analysis (SWOT)
  - 1.2. Social analysis (SWOT)
  - 1.3. Economic analysis (SWOT)
  - 1.4. Institutional analysis (SWOT)
2. Key-problems
  - 2.1. Environmental problems (identified and ranked)
  - 2.2. Economic problems (identified and ranked)
  - 2.2. Social problems (identified and ranked)
  - 2.3. Institutional problems (identified and ranked)
3. Development vision and objectives
  - 3.1. Environmental objectives
  - 3.2. Economic objectives
  - 3.3. Social objectives
  - 3.4. Institutional objectives
  - 3.5 Interdependencies
  - 3.6. Development vision
4. Plan of operations
  - 4.1. Introduction
  - 4.2. Medium term plan of operations
  - 4.3. First annual plan of operations

If the sequence of the various steps visualised in the above content is considered properly, an intensive “feedback-process” is initiated. During the preparation of any of the steps, the results of the previous step(s) have to be re-assessed automatically.

### 9.1. Structural Analysis

A balanced analysis of the economic, social and ecological sector (including the analysis of the spatial development) has to be conducted at the very beginning of the preparation of the development programme. Croatian experts have more or less mastered all three aspects so that the quality of the analysis most often relies on the fourth one - the institutional analysis. Institutional structures have to be particularly analysed because they in general do not meet the requirements of post-socialist development, to say nothing about the increased requirements at local level following fostered decentralisation. Institutional structures have a cross-sectoral character playing an active role in each of the “prime” sectors (economy, society and ecology).

Institutional structures do not only comprise of public administration and government. They also cover all kinds of institutions in the public, para-statal and private sector. In a decentralised political system and market-oriented economy, civil society organisations (CSOs) play a role of increasing importance. CSOs include chambers of commerce, various association, utilities, sports clubs, etc. The makers of the programme have to check which structures still exist and which components of the structures are of relevance for the development of the assessed municipality/town.

The existing procedures and regulations for co-operation, communication, participation and active involvement should also be subjected to the institutional analysis. Another widespread problem is the one-sided view of the pieces of information received from resource persons or resource institutions. It is highly recommended to include different perspective of the same issue in the assessment. Municipal authorities usually have a different understanding and view of their services and activities than the groups affected by them (entrepreneurs, social groups, environmentalists, etc.). Similar discrepancies in the perception of particular aspects can often be seen in the case of young and old inhabitants, big companies and small and medium sized enterprises, industries and

environmentalists, politicians and technicians, etc. Of course, the depth of information should be as large as possible.

The results of the assessment are the basis for the SWOT-analysis. When applied to regions, SWOT analysis links the planning perspective with the reality. Strengths and weaknesses can be seen as more or less static facts, which are under the direct influence of the local stakeholders and authorities. Opportunities and threats are more or less dynamic phenomena, which are not under any influence of the locals but do influence the local development in one way or another. Using the instrument of SWOT means sorting out the findings of the structural analysis and make them more understandable in relation to their impact and influence on development, as well as to clarify their role in the existing situation.

A thorough structural analysis is thus essential for the formulation of a correct SWOT table. A deep understanding of the existing situation is a prerequisite for a correct categorisation of structural factors and external impacts into strengths, weaknesses, opportunities and threats. Very often, the symptoms of structures instead of the cause of the structures are considered, which leads in the end to a wrong conclusion and thus to a wrong and misleading base for further identification of objectives and necessary measures and projects.

## 9.2. Identifying Key Problems

The second step, based on the findings of the structural analysis and the SWOT-table is the identification and ranking of key-problems in different sectors and sub-sectors. It can be assumed that the main problems hindering the development will be identified. Some of these problems are of less importance or they depend strongly on the solution of other problems, while some form major impediments and barriers for sustainable development.

The identification of key-problems links the analysis with the strategic orientation of future development. Therefore, the participation of all relevant stakeholders is highly recommended. Croatian experience shows that workshops and joint discussions about the SWOT-tables presented by the experts and the mutual agreement on their final versions, created a confidential climate for the discussion and voting on key-problems and development objectives. The participation is, therefore, a prerequisite for the commitment and ownership of the stakeholders



which is required for the successful implementation of the programme. The ranks of the key-problems are decisive for the identification of development objectives in the next step.

### 9.3. Development Visions and Objectives

The formulation of the development vision and objectives stands as the strategic element of a development programme. Only if the existing situation is known and the most important impediments are identified as the key-problems, the required or desired future status of the region can be considered. This desired status is formulated in the programme as the development vision.

Since strategic programming must be realistic, it must be clearly pointed out that a vision describes a status that most probably will not be achieved. Complex structures in a region or a sector and impacts that the local actors cannot influence, prevent the vision from turning into reality. Nevertheless, formulation of development objectives and identification of projects and measures to achieve the development objectives must be oriented to lead towards the vision which serves as a "light house". Development objectives must be achievable to link the visionary picture with realistic options.

The next logical programming step is the formulation of key-problems related to development objectives. Contrary to the development vision, the development objectives describe the necessary improvements and changes of existing impediments for development. Development objectives have to be clear "solutions" to the identified key-problems for development and must be achievable to solve the problems or to mitigate them to an acceptable extent.

Objectives indicate orientations and directions for the development efforts of the actors in the respective region to narrow the gap between the existing situation and the warranted situation in the future (vision). The availability of own resources, foreseeable co-financers, implementation capacities, necessary support, etc. all have to be considered. Of course, one can always count on improvements in financial and human resources in the future, but objectives, which are far beyond realisation and resemble visions, should be, nevertheless, avoided. To avoid an unacceptable dispersion of the development programme by formulating too many development objectives, the number per sector should be limited to a maximum of

four objectives. With a maximum of four objectives a sufficient number of key-areas for interventions can be covered.

A final step in the formulation of development objectives is the determination of interdependencies of particular objectives. For sophisticated planning, it is absolutely necessary to know as much as possible about the impact of one objective on another. The implementation of measures for achieving an objective will have an influence on the achievement of other objectives – negatively or positively, destimulatively or stimulatively. By assessing each formulated objective against the others, a relational map can be designed, clearly indicating the most promising allocation of scarce resources to attain the best possible benefits and to avoid double spending and contradictory impacts. The relational map of objectives provides three different criteria, which allow the formulation of a programme oriented on an effective, but also efficient structure considering limited resources in terms of finances and institutional capacities. The criteria are:

- the value of importance which describes how important the particular objective is for the achievement of others,
- the value of integration which describes to what extent an objective is integrated in other objectives,
- the value index which describes the relation between the impact of the respective objective on the achievement of other objectives and the impact of other objectives on the achievement of the respective one, meaning high impacts on others and less dependencies on others at the same time.

A promising approach of participation is the conduction of joint formulation of objectives, in the form of a workshop. It is advisable that the key-problems and objectives be discussed and arrived at in the course of the same workshop. Different options for the participation of various stakeholder-groups in this decisive phase of the programme preparation are possible. To initiate an open exchange of opinions and to strengthen democratic procedures at local level, the conduction of workshops, which are attended jointly by local experts and representatives of the various stakeholder-groups are recommended. Despite the more socio-political aspects, this form is the most effective and efficient regarding the use of time and resources.

#### 9.4. Plan of Operation

The formulation of development objectives has led to the consensus about the development path. Now, adequate measures, projects or sub-programmes have to be formulated to achieve the necessary goals. Thus a plan of operation has to be designed in a detailed way to allow the management of the required development efforts. It has to provide a list of necessary and adequate measures for an appropriate period of time. The particular period depends on the agreement that has to be made at the beginning of this step. In general, longer the period, higher the need for monitoring and frequent revisions of the plan of operation. The plan, as the most "practical" part of the development programme serves as a guide for public expenditures and for searching co-financers for investment projects. It also facilitates the public to challenge the political and administrative competence, capability and commitment, which is also a principal requirement of decentralisation and local democracy. To fulfil all that, the plan of operation has to contain the following items: measure or project, responsible institution, degree of priority, implementation period, and expected costs during the implementation period.

Although for most measures the detailed costs, implementation dates, and even the responsibility cannot be clearly concluded, it is important that they do not remain on an abstract level. Feasible measures have to be indicated aiming at the achievement of the formulated development objectives that correspond with the existing structures and therefore, reflect realistic approaches. Measures are also numerous and have to be prioritised, i.e. ranked. Ranking has to follow a three-step sequence:

- the identification of the urgency of measures from a technical perspective
- conjunction of urgencies by technical reasons with spatial perspective
- the harmonisation of own priorities with other planned or already started measures of other relevant programmes

Similar to the prioritising exercise, the determination of the implementation period also helps to structure the implementation of the plan. Whereas the prioritising is based on technical and spatial requirements and the consideration of other programmes and plans, the determination of the implementation periods depends on the particular agreement before starting the elaboration of the plan of operation. As a rule, it can be taken that the implementation period should not exceed five years, although the development objectives are generally long-term oriented. The

objectives describe sector-specific or sub-sector-specific achievements that are required, while the measures are associated with the operational conditions that can and will change over time. In transition-countries, even five years is hardly a realistic planning period.

The plan of operation is the last part of the strategic development programme document. Starting from the assessment of the existing (intra-regional and relevant supra-regional) structures, followed by the identification of strategic orientations of the development process and ending up with necessary and feasible measures and projects, the programme provides the actors with a clear orientation on the goals, on the way and on the respective means of future development.

## 10. Final Note

Regional development management is manifold in its nature. A part of the territory subjected to some development policy is always approached from at least two levels (three in the Croatian case) and subjected to two or three decision-making processes. Whichever spot or area in Croatia is chosen, it simultaneously belongs to the jurisdiction of one of the 547 municipalities, of one of the 21 counties and of the Croatian state so that policies defined on each level necessarily meet and often clash. The state may choose a spot or an area or a corridor and propose some development project of national interest that may not be in accordance with the interests of the municipality and the county to which the area also belongs. A municipality may disregard that fact that its territory is also the territory of the county and start an activity that may conflict with county interests etc.

This almost trivial proposition calls for something far less trivial: the co-ordination of development management activities and, by the same token, policies formulated and implemented on different levels. Obviously, co-ordinated policies will minimise confrontation of regional interests and maximise the national interest.

Decision-makers are numerous and co-ordination implies the standardisation of particular activities i.e. standardisation of communication procedures, standard ways of preparing necessary documentation, standard ways of evaluating them etc. In a word, a well co-ordinated regional policy requires a standard methodology for regional development management.

One of the benefits of the methodology just described (it deals with the preparation of programmes and thus appears as a part of an overall methodology) is not only its transparency but its coverage of all development interests. The programmes standardised and prepared in the proposed way are compatible and can be meaningfully compared and evaluated at higher policy levels. However, other aspects have to be standardised as well and this leads to the question of processing the programmes once they have been prepared. Well adjusted to local development prospects, taken all together, they may not meet the wider regional or national development prospects and thus clash with programmes at national level.

Those in charge of co-ordination of the regional policies at the national level need some criteria to be established independently for programmes prepared across regions. Infrastructure systems, optimal spatial patterns of certain industries and similar have to be defined to meet both regional and national interests to the highest possible extent, which means that regional programmes are necessary but not sufficient. Optimisation has to be arrived at the national level and the policy maker has to consider sectoral programmes as well.

Both regional and sector programmes have to be brought down to operational level in order to define measures which will meet both regional and national interests in the medium term. Regional operational programmes (ROP) and sector operational programmes (SOP) are thus necessary documents for a sound regional policy. However, although it's a well known and accepted procedure in EU countries, the co-ordination of ROPs and SOPs is still an unknown activity in Croatia. In spite of all the national strategies and municipal and county development programmes the necessary co-ordination have not yet been achieved.

Viewed as an objective, the co-ordination, fortunately, may not appear that far away on the horizon. The existing strategies may be used as a starting point and the existing institutions do not have to start from scratch. The achieved potential can be judged as sufficient for an immediate start. Such a statement is based on existing experience in national infrastructure planning which can be used as a promising starting point for development of SOPs and on existing institutional structure, which is to undergo feasible changes in order to reach the required level of competence.

In newly formed, poor and inexperienced municipalities there are no initiatives and the top-down approach is necessary. In old, experienced and not so poor municipalities and towns one can expect initiatives. A bottom up approach is

necessary there, and the top-down approach is expected as a result of bottom-up initiatives. The mix of the two will have to be established in each and every municipality so that the development management can start either from top or from bottom. Co-ordination is, of course necessary.

The co-ordination is to be achieved by establishing three institutions at national level. Besides already existing Ministry of the Sea, Transport, Tourism and Development which has been in charge for regional development for 8 years now, and the Fund for Regional Development established in 2002, a regional development agency should be established.

Local strategic development programmes prepared in municipalities and/or counties should be, thus, evaluated and adopted in three basic steps:

- the preparation is initiated and financed by the Agency or by the Fund (a case of a poor municipality) or by the town/municipality/county itself. The draft programme is prepared according to the officially standardised methodology. It consists of proposed measures to be implemented by
  - a) town/municipality/county alone
  - b) town/municipality/county and some institution at the national level
  - c) an institution at the national level alone
- draft programme is sent to the Agency and to the Ministry for evaluation and adoption. Measures ad b) and ad c) are reviewed and confronted with existing SOPs and programmes of other relevant municipalities and counties. Draft programme is revised, harmonised with the rest of the programming documentation and sent back to the municipality or the county
- the municipality/county examines the proposed draft, accepts it or starts negotiating (lobbying) with higher levels. After some time (the deadline has to be prescribed) the programme is adopted by the municipality/county and sent to the agency, which accepts it and passes it to the Ministry for final adoption.

Once accepted and broken in, such procedure could harmonise the regional development efforts on all three levels. The existing question on tops and bottoms and who should move first would be brought much closer to the answer.

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