

Strategy and Capacity Building for Regional Development

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Strategy and Capacity Building for Regional Development (draft)



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Preface

As Minister charged with the responsibility for the sustainable development of the regions of Croatia, I very much welcome the introduction of the draft of the National Strategy for Regional Development. We are all too well aware of the costs of the widening imbalances in terms of economic and social development – costs measured in vastly contrasting fortunes and opportunities for people living in different parts of the country. From the point of view of national development and competitiveness, lagging regions not only make additional demands on public expenditures, but, crucially, they make a disproportionately reduced contribution to national competitiveness and innovation as drivers of a modern economy. It is in the interest of national as well as regional and local stakeholders, from the public, private and non-government sectors, therefore to collaborate to put the regions of Croatia back to work.

It is the interest of national, regional and local stakeholders to work together

The Strategy is not a blue print for development. There are no blueprints or magic wands for sustainable development. Rather the Strategy is a framework for the management of three vital sub-national dimensions of development:

Strategy – framework for the management of sub-national dimensions of development

- A new unified national system for stimulating and guiding the development effort at county level based upon collaborative partnerships for county and wider region development;
- A concerted and targeted Strategy for tackling the causes of disadvantage in the most lagging parts of the country;
- A coherent approach to cross-border and inter-regional cooperation as an inescapable priority for Croatia given its very geography – and as a major opportunity.

The Strategy proposes a new set of complementary relationships between central government and stakeholders in the regions, counties and local places. It invites those development actors to take part in a debate around the key issues for socio-economic cohesion and competitiveness within the regions – and, within an agreed policy framework, to define priorities for the counties and wider regions based upon their real needs. The Strategy will demand much of all concerned – clear direction and committed resources from central government, as well as new skills and engagement in strategic development at county level. We must use the early years of implementation of the Strategy to build capacity at all levels to identify needs, agree priorities, develop ideas and propose worthwhile projects for public investment into the regions. This will be especially critical as Croatia anticipates the introduction EU Structural Funds in the future.

A new relationship between national and sub-national levels

A new Law on Regional Development

The Government intends to put to the Sabor a proposal for a new Law on Regional Development. The new framework law will introduce a number of key principles to the management of regional development in Croatia – such as partnership, programming, monitoring and evaluation.

A new model for designation of disadvantaged areas

It will set out a new model for designation of disadvantage, making it possible to develop a more targeted and concentrated approach to addressing the persistent problems of the most lagging areas.

I would like to draw the reader's attention to three other critical features of the Strategy.

Firstly, the overall responsibility for regional development will continue to sit within the Ministry of the Sea, Tourism, Transport and Development, where a new Directorate will be set up to manage integrated regional development.

Secondly, given the complexity of the development needs, the challenge is to bring together all of the institutions of central government with a role to play in the development of the regions. For that reason, an inter-ministerial Council for Structural Policy and Regional Development will be established.

Principles of partnership and consultation

Finally, a recurring theme throughout the Strategy is the importance of consensus based upon partnerships of different interest groups and stakeholders. Partnership will be the platform for development at county and wider region level. At national level, the Strategy proposes setting in place a National Partnership Council which will bring together representatives from all major stakeholding interest groups – county and local self-government, social and economic partners, civil society along with senior officials from central government – to discuss and agree the broad policy directions for economic and social cohesion in the regions.

The Strategy poses a major challenge to all concerned with the development of the regions of Croatia. At the same time, it provides a solid base that will enable us to rise to the challenge – for a better life for all in the regions.

Minister

Božidar Kalmeta

National Strategy for Regional Development (draft)

1 Rationale

1.1 Why a National Strategy for Regional Development?

The Croatian government has identified the need for a regional policy based on its growing concern over the widening gaps in socio-economic performance and fortunes between different parts and different social groups within the country. Regional policy is seen as an integral part of the overall strategy for sustainable national development and competitiveness. Moreover, as Croatia seeks to fully integrate its economy and its markets in the global context and, in particular in the EU single market, there is an imperative to ensure that all areas of the country are capable of competing there.

Another contributing factor is EU accession. In that context, it is crucial to be well prepared for the introduction of the EU Structural Funds and pre-accession funds. The implementation of national regional policy and the preparation for the accession will require a significant effort on the part of the government to strengthen the institutional base for the management of the Structural and Cohesion Funds. The National Strategy for Regional Development will be a significant part of this effort.

The preparation of the draft of the Croatian National Strategy for Regional Development which is presented in this document (further referred to as 'the Strategy/NSRD') was led by the Ministry of the Sea, Tourism, Transport and Development, with the close collaboration of other central government institutions. The Strategy encompasses the development priorities and interventions aimed at building overall development capacity, reducing disparities and building the potential of poorer parts of the country to compete. It also sets out a coherent unified policy and legal framework for regional development as well as a strategy for building the institutional framework. The document was widely consulted with regional and local government, the social partners and civil society.

Widening gaps in socio-economic performance

Integration of the Croatian economy in the global context and EU

Preparation for EU Accession

Need for strengthened institutional base

Development priorities and interventions

1.2 The relevance of regional policy

Political, socio-economic challenges in 90's.

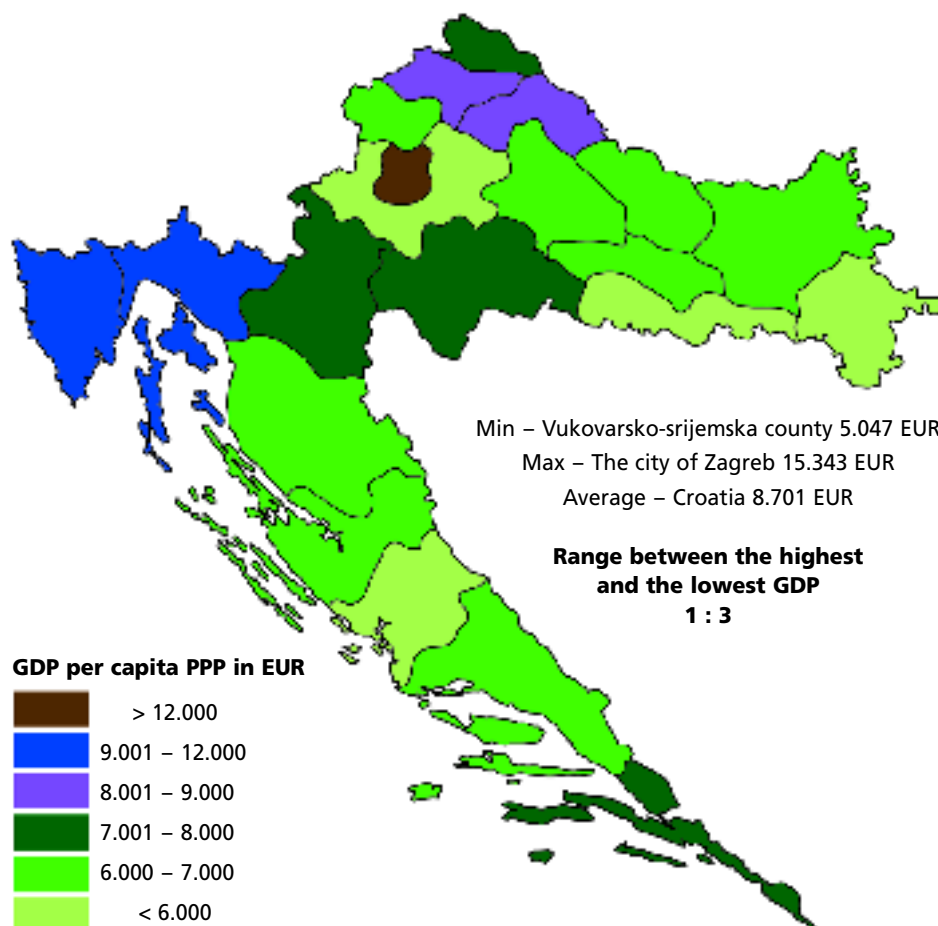
Croatia has met with enormous challenges on its development path in the 90's. The transition to a market economy and to political pluralism has been fraught with difficulty. The economy has suffered from the trauma of direct and indirect war damage. A sharp fall of industrial production, the collapse of the banking system, as well as corruption, have all left their mark.

While most of the transition countries surpassed their GDP level from 1989 Croatia only arrived at 82,6% of its pre-war level in 2001. In terms of GDP, by 2001, the country had only slightly more than 40% of EU25 GDP per capita.

Socio-economic disparities across the counties are large

The socio-economic disparities across the counties in Croatia are large and continue to widen in most cases. These disparities are manifested across a range of indicators, including GDP, with a ratio of one third between the most developed regions and the regions lagging behind, in terms of educational level, unemployment and employment opportunities.

Map 1: GDP per capita in Croatian counties



Source: »Experimental calculation of regional GDP for 2001«, Economic institute – Zagreb and CBS, November, 2003.

There are wide variations in the social and economic situations of the regions. The nature of the difficulties the individual regions encounter in their socio-economic development differs widely and is both complex and accentuated by accumulations of circumstance. Some of these difficulties are quite specific and related to place or recent history. As a consequence, different regions have different needs for development (see box 1).

Specific development needs...

The unique circumstances for the individual regions in Croatia ask for specific solutions and a bottom-up approach. The focus on regional development, additional to national sectoral development, is of central importance for the socio-economic development of the country as a whole.

...requires a regional bottom-up approach

Box 1: Specific development needs for different regions

- Areas **affected by war** are confronted with a loss of basic and productive infrastructure. In addition, the trauma of the war will have long lasting consequences which need to be addressed: e.g. returnees, divided communities, depopulation, loss of traditional markets, weakened enterprise culture, damaged community confidence and social capital.
- Some **traditional industrial areas** are facing acute problems such as long-term unemployment, poverty and social exclusion. Many of the existing industries are technologically outdated, poorly managed and non-competitive. The most pressing need in these regions is the creation of a new economic base, focussing on the SME sector and underpinned by a wider culture of enterprise and initiative.
- Areas designated as **Hilly and Mountainous Areas** demonstrate development needs arising from specific handicaps resulting from location and natural conditions. These frequently include lack of basic service provision, ageing and poor populations, inadequate housing, isolation and poor health, low educational levels and inability of subsistence agriculture to co-exist with a modern market economy.
- The **islands** have specific needs arising from geography and history, which differ widely. Some of them belong to the most prosperous parts of the country, resulting in pressure on the natural, cultural and social patrimony. For these areas there is a need for balanced sustainable development. On the other hand, some islands are economically less favoured, and in many cases, their remoteness leads to depopulation, ageing communities and lack of services and economic opportunities.
- **Border areas**, especially those affected by the legacy of the war, tend to suffer from a lack of private sector investment, polarised communities and depopulation. One of the challenges will be to build endogenous capacity so that local people working together on both sides of borders can identify and create opportunities for local development and employment.

Government measures favouring subsidies

The Government has taken steps over recent years to introduce measures linked to improving the competitive performance of Croatia, such as promotion of innovation and support for the small and medium sized enterprises. However, from the evidence available, the existing volume of resources for such developmental actions is very small compared to the proportion of public funds expended in the form of employment and production support subsidies which tend to reinforce the status quo.

Resources ended up in more prosperous regions

Although Croatia has managed to achieve relative macro economic stability and to liberalise its market, it has been at some the cost in terms of sustainable and balanced socio-economic development. Despite constantly rising public expenditure, domestic and foreign investments, the growing disparities in the country indicate that the resources have disproportionately ended up in more prosperous regions, while a relatively small amount has gone to disadvantaged areas.

Need for more balance between different types of investments

A significant part of the funding is directed at basic infrastructure improvement – as a pre-requisite for socio-economic development, and in many cases, a response to the consequences of the war. However, in the absence of local strategic direction at county and wider region level, the balance between investment in basic infrastructures and other aspects of socio-economic development is not present, making it insufficient to mobilise the human, social and economic forces necessary for development at the level of the counties and wider regions.

Dispersion of financial and administrative efforts

An overview of development interventions in disadvantaged areas leads to the conclusion that these have had little sustainable impact in meeting the diverse needs of disadvantaged areas. There is a dispersion of financial and administrative effort in a sprinkling of small packets of financial support, which lack critical mass and the potential for sustainable development, leading to the ineffective use of scarce public resources. Moreover, the lack of reliable data and monitoring systems make it problematic to arrive at definitive conclusions about the effectiveness of government interventions related to the development of disadvantaged areas.

1.3 Legal and institutional framework and capacity building: a precondition

Analysis of the regional development policy framework shows that currently the legal basis for regional policy can be found in several documents, which regulate separate parts of regional development issues. This segmented and rather piecemeal legal basis can be improved by creating a legal framework reflecting a clear and coherent policy and clearly defined implementation structures.

The Croatian government acknowledges that the realisation of integrated regional development requires an institutional structure that is based on inter-ministerial coordination, a clear designation of roles and responsibilities and coordination of resources available. At the same time, managing regional development policy and programmes will require increased capacity within the relevant central government institutions. This means acquiring new skills and competences necessary for the elaboration of a multi-sectoral regional development strategy, the effective implementation of its measures and overall monitoring and evaluation of the programme.

While counties represent a territorial and administrative platform for development, the capacity for managing the process is not strong at that level and varies from county to county. Developing the institutional infrastructure, promoting a culture of participation and shared responsibility, strengthening coordination or cooperation in governance or development, will all contribute to building development capacity as an enduring asset.

The Strategy aims to redefine the relationship between the centre and local areas in such a way that stimulates and motivates local actors to work together in identifying priorities based on real needs – to be tackled in partnership with the central government.

It builds on the positive experiences and the involvement of a wide range of relevant stakeholders gained within the »regional operational programmes« in an increasing number of counties over recent years.

Need for an integrated legal basis for regional development

Strengthening the institutional structure and capacity

Need for designation of roles and responsibilities

Value added of bottom-up approach and partnership

1.4 Strategy based on broad involvement of interest groups

Strategy closely related to real needs

Successful strategies are those which tackle real issues that people encounter during their day-to-day work and life. In the process of elaborating the NSRD, this important pre-condition is ensured by intensive and structured consultation of relevant stakeholders on all levels; the Strategy is the result of their common needs and input.

Broad involvement of stakeholders in designing Strategy... and in implementation

The consultation process has been structured around the establishment of several contributing groups. The National Partnership Group, involving representatives of central government, county and local self-governments as well as social partners and civil society, has been the centre-piece. In addition, many of those involved in regional development from different sectors at county and local level, have been closely consulted. The academic community has contributed to the quality of the Strategy by the work of the ex-ante evaluation team.

Linked to the National Development Plan

The Strategy provides a significant cross-sectoral, focussed strand of the National Development Plan that is currently in preparation. The NSRD itself represents a considerable effort in coordination. It links a range of central government ministries and institutions with socio-economic actors and institutions across the counties in a concentrated long term top-down – bottom-up effort to achieve more balanced development of the regions. In the future, the National Development Plan (and the National Strategic Reference Framework), may include an Integrated Regional Operational Programme, prepared on the basis of the NSRD.

1.5 Further reading

The outline of the Strategy is presented in the following Chapters:

- Chapter 2: The Strategy: objectives and priorities;
- Chapter 3: The Instruments: development programmes, legal framework and the proposal for a management structure.

Details

This summary is accompanied by a CD-ROM, which contains a more detailed analysis of the socio-economic situation in the country and the regions, of the institutional setting and existing legal framework for regional development as well as the development needs and the existing strategies. The CD-ROM also contains a more detailed description of the various components of the Strategy. Where relevant, reference to the related documents on the CD-ROM will be made in text.



2 The Strategy

2.1 Goal of the Strategy

The National Strategy for Regional Development is the vehicle to introduce and implement a more 'joined-up' approach to the sustainable socio-economic development of all parts of the country. The goal of the Strategy is expressed in the following statement:

»To have functioning regional development policy in Croatia contributing to sustainable national development and competitiveness by 2013.«

Goal of the Strategy...

The vision statement of the Strategy is formulated as following:

»By 2013 the gap in internal income and living standards between all counties, wider regions and social groups across the country is significantly reduced. Empowered socio-economic actors and government at all levels work together to achieve and manage the optimal development potential of their places. Croatia works together with its neighbouring countries to reduce the development deficit of borders influencing the economic and social development of the counties and wider regions.«

Vision...

This vision is further specified in strategic objectives and priorities. The first strategic objective is directed towards building local capacity in the regions and increasing the effectiveness of socio-economic development programmes in the regions.

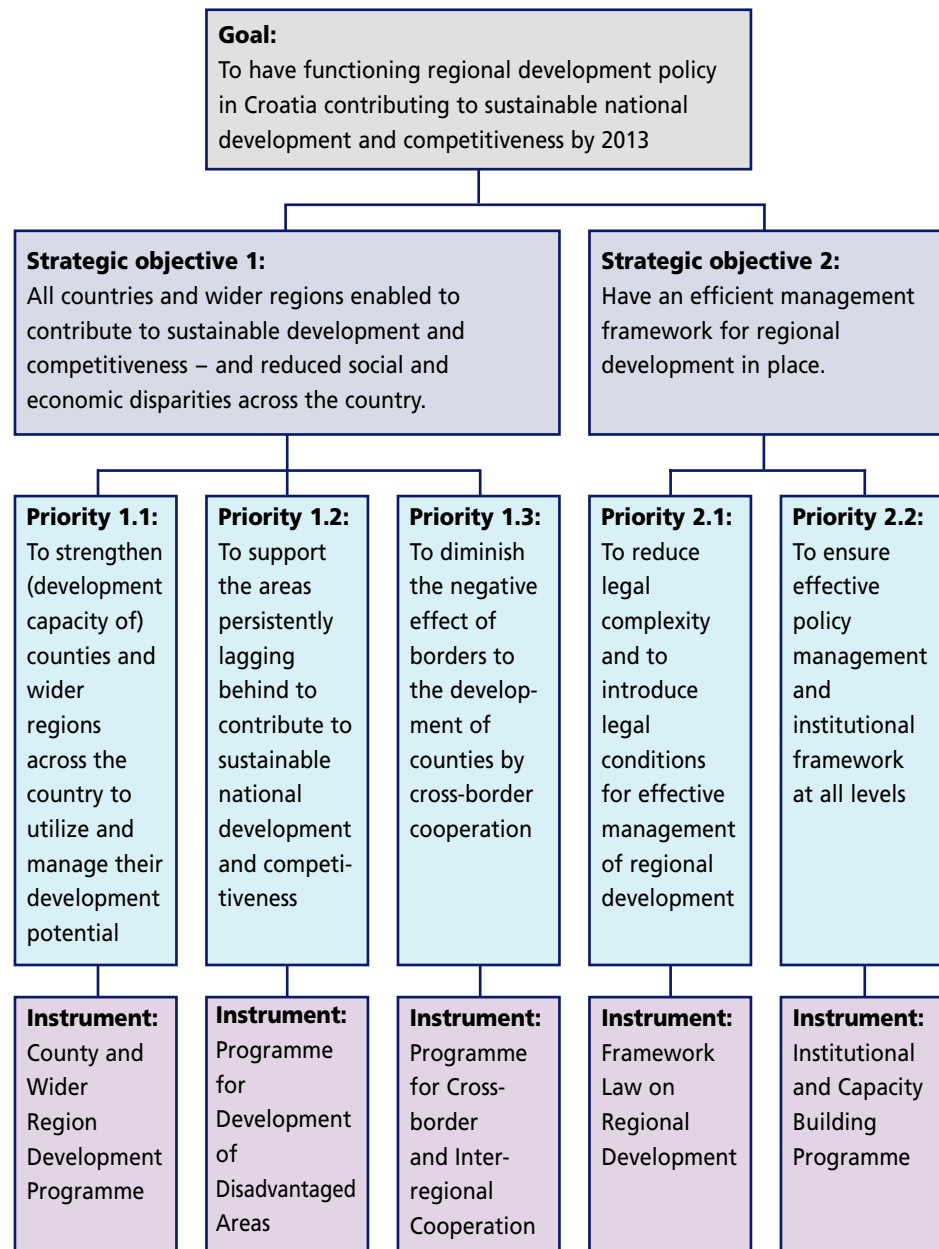
The second strategic objective aims at setting in place a legal framework and building institutional and management capacity for regional development policy.

Strategic objectives:

- 1. Counties enabled to contribute to sustainable development**
- 2. An efficient legal and management framework**

For the realisation of the priorities, the Strategy proposes concrete development instruments and actions. The objectives, their supporting priorities and the development instruments are presented in the chart below. In the sections which follow, the objectives and priorities are further detailed.

Figure 2.1 Strategy: goal, objectives, priorities and instruments



2.2 Strategic objective 1: All counties enabled to contribute to sustainable development

The preparation and implementation of an effective regional policy requires a coherent unifying system which enables central and local institutions and stakeholders to work together. Consensus building around priority needs and consistent policy is an important issue to be further developed, as well as the coordination of the interventions of government agencies. The stimulation of regional development calls for a high level of political cooperation and commitment, good working relationships between social and economic actors, institutional as well as people to people cooperation at county and local level. This objective aims to bring regional policy in Croatia within a single policy framework. At the core is a new relationship of shared responsibility between the centre and the local level.

The Strategy identifies three priorities under this objective:

- Strengthen the development capacities of all Croatian counties and wider regions;
- To support the areas persistently lagging behind;
- To diminish the negative effect of national borders.

2.2.1 Priority 1.1: Strengthen development capacities

Purpose

This priority is directed at building and using the development capacity of socio-economic actors and institutions at county level to manage the development potential of counties and wider regions. The promotion of new sets of relationships between all of the socio-economic interest groups at county and inter-county level, as well as between national and county level, is the key issue of this priority. Local actors are put at the heart of the development of their areas by involving them through County Partnerships in the preparation and implementation of regional development strategies based on agreed priority needs. These strategies will over time become the main vehicles for channelling development resources to the regions – focussing on the county while connecting with the wider region. Wider regions will be defined on the basis of the agreed position between the Government of Croatia and Eurostat on statistical regions (or NUTSII).

Rationale

Sustainable socio-economic development is not achievable simply through top down national policy statements and programmes. Development challenges vary greatly from place to place and require specific solutions and the active involvement of local actors. To meet these challenges, local actors need to be empowered to play their part in the development of their region.

Structure and capacity building for partnership

Concentrating regional policy in a single framework

Strategy formulation and implementation through Partnership

Empower local actors

Instrument

The instrument for this priority is the ***County and Wider Region Development Programme***. This programme provides support for inclusive and representative county based partnerships and their development bodies. These partnerships will be charged with the preparation of county and inter-county (wider region) development. The County and Wider Region Development Programme is presented in paragraph 3.1.

2.2.2 Priority 1.2: Support the areas persistently lagging behind

Purpose

The purpose of this priority is to enable areas persistently lagging behind to reduce the development deficit, to contribute to the sustainable development of Croatia and to participate in the improved overall national prosperity and competitiveness.

Rationale

A number of Croatian regions continue to face difficulties with their socio-economic development, resulting from differing factors. Up to the present, these difficulties are addressed through a wide range of programmes and initiatives. However, the lack of coordination negates the effectiveness of these efforts. Hence, there is a need to unify the different instruments into a single integrated programme, capable of targeting the specific development obstacles of the assisted areas.

Development Instrument

The development instrument for this priority is an integrated multi-annual programme, ***Programme for Development of Disadvantaged Areas***, targeted at the development needs of the Croatian areas which are designated as lagging persistently behind the national average. These are areas which are designated as disadvantaged, meeting specific economic and demographic criteria of underdevelopment, which will be defined in the future Law on Regional Development. The programme will include many of the areas which are currently eligible for state support under the Areas of Special State Concern Categories I, II and III, the Hilly and Mountainous Areas and the islands¹. A summary of the Programme for Development of Disadvantaged Areas is presented in paragraph 3.2.

¹ The Areas of Special State Concern include three categories:

- 1) Areas occupied during the war,
- 2) Areas suffered war damages and
- 3) Areas meeting specific criteria of underdevelopment. Hilly and Mountainous Areas are designated on the basis of permanent geographic or natural handicap as well as Islands.

2.2.3 Priority 1.3: Diminish the negative effect of borders to the development of counties

Purpose

The purpose of this priority is to create a framework to integrate cross-border and inter-regional cooperation in national regional development policy.

Rationale

As the Croatian economy becomes ever-more integrated into the wider European economy, the influence of its extensive borderline is likely to be an increasingly critical factor on socio-economic development of the regions. A more strategic view is needed on the challenges the border poses on the local, county and wider regions as well as the country as a whole. EU programmes promoting cross-border and inter-regional cooperation have to be incorporated within an overarching national cross-border and inter-regional cooperation strategy. This will take the different circumstances of the Croatian borders into account, and be consistent with the overall national objectives for regional development.

Instrument

The development instrument of this priority is the *Programme for Cross-border and Inter-regional Cooperation* (see paragraph 3.3), in which the actions for cross-border and inter-regional cooperation at local and regional level are integrated, and that provides strategic actions facilitating integration into wider European markets.

Addressing common development needs through cross-border and inter-regional cooperation

Integration in the EU increases the importance of borders

Cross-border and Inter-regional Cooperation Programme

2.3 Strategic Objective 2: Have an effective management framework for regional development in place

A unified legal framework and management structure

The second objective of the Strategy follows from the need for a unified coherent legal framework and an effective, coordinated institutional infrastructure for regional policy. This objective will impinge on every part of the realisation of the priorities under Strategic Objective 1.

There are two priorities under this objective:

- To reduce legal complexity and to introduce legal conditions for effective management;
- To ensure an institutional framework for effective policy management and implementation at all levels.

2.3.1 Priority 2.1: To reduce legal complexity and to introduce legal conditions for effective management

Purpose

The purpose of this priority is the creation of a legal framework for regional development which accommodates, coordinates and refocuses existing laws for specific areas and those which regulate the relationship between central and local levels of governance. The new legal framework will support the introduction of new development instruments for sustainable regional development.

Rationale

Effective regional development policy needs a unified legal structure which provides clear guidance to policy makers. Current regional development policy is regulated by a complex and fragmented set of legal instruments, lacking the instruments that make it possible to focus resources on priority needs as well as mechanisms for monitoring, evaluation and partnership development. An integrated legal framework will bring together the existing range of instruments for lagging areas and underpin the framework for effective management.

Instrument

The instrument to realise this priority is the proposed **Framework Law on Regional Development** as a basis for policy development and implementation, covering management issues, providing coherent definitions and principles as well as the legal basis for an institutional and management framework. An outline of the proposed legal framework is presented in paragraph 3.4.

Accommodating, coordinating and refocusing existing laws

Reducing complexity and introducing conditions for effective management

Adoption of a general Law on Regional Development

2.3.2 Priority 2.2: To ensure an institutional framework for effective policy management and implementation at all levels

Purpose

The purpose of this priority is to improve the institutional arrangements at national level necessary for the effective coordination, administration and management of regional policy.

**Improve institutional
arrangements**

Rationale

Many institutions are currently involved in the implementation of government programmes, which are often overlapping and uncoordinated. Effective regional policy requires the coordination of interventions. There is a need for clear designation of roles and responsibilities and a stronger institutional base for inter-ministerial coordination than is currently the case.

**Effective policy requires
coordination...**

The preparation, implementation and management of regional policy demands skills and systems related to the policy life cycle (programming, strategic planning and management) and systems for monitoring the results and impact. Skills acquisition and development of systems are important issues in themselves and pre-conditions for the implementation of EU financed programmes both before and after accession to the EU.

**...and development of
specific skills and
systems**

Instrument

The NSRD proposes a ***Programme for reorganising and strengthening the institutional arrangements for managing, coordinating and delivering integrated regional development***. This will be achieved through a series of actions for the short, medium and long term, aiming at improving and strengthening institutional arrangements at national level, including those for consultation and partnership. The outline of the programme is provided in paragraph 3.5.

**Programme for
improvement of
institutional
arrangements**

2.4 Further reading

More information on the objectives, priorities and their background can be found in the Strategy document on the accompanying CD-ROM. The outlines for the development instruments and actions are presented in the next Chapter.

3 The Instruments

In this part of the document, the instruments of the Strategy are presented. For each of the instruments – the three development programmes, the legal framework and the institutional arrangements – the objectives and the activities needed to achieve them are presented in some more detail.²

3.1 County and Wider Region Development Programme

The purpose of this programme is to facilitate the establishment of a single regional development planning and management system in the country. The programme strengthens the capacity for managing development and improves the absorption of public funds by virtue of better coordination and the integration of development interventions and services at county and local level.

The CWRDP introduces a set of new features into regional policy of Croatia:

- A single policy framework for the socio-economic development of counties, taking into account their specific development needs;
- Partnership between national and county stakeholders;
- Partnership among development stakeholders at county level;
- The concept of 'development contracts': an agreed multi-annual financial plan setting out central government support for development priorities in each of the counties;
- Effective monitoring, evaluation and reporting systems.

3.1.1 Objectives and activities

The objectives and activities of the CWRDP are presented in figure 3.1.

Objective 1

The first objective of the CWDRP is *to create a national regional development framework within which central government and development stakeholders at county and wider region level work together to address shared development goals*. The programme provides a common development framework within which central policy and programme managers, in cooperation with county-based institutions including all socio-economic groups, can contribute to the definition of clear policy directions for development at the level of county and wider region.

Facilitating the establishment of a single regional development planning and management system

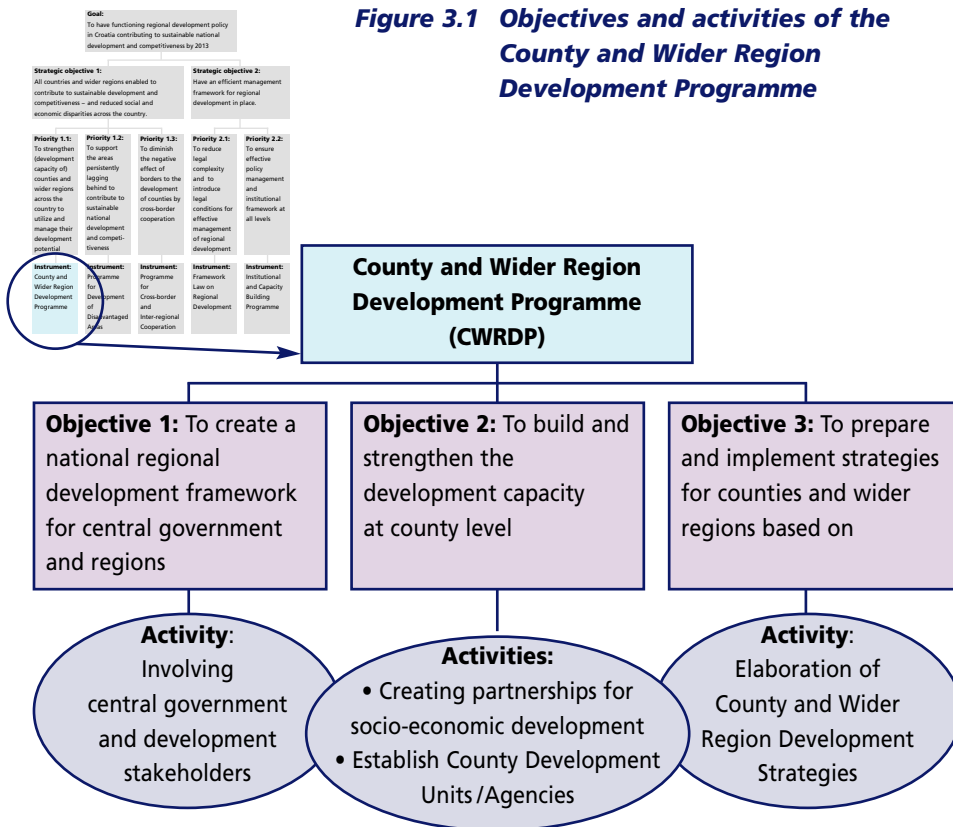
Innovative features

A regional development framework

² Further information on each is provided in the relevant documents on the CD-ROM.

The main activity under this objective is to prepare a set of strategic national policy guidelines which will allow all the relevant stakeholders in the counties/regions to align local needs with national socio-economic priorities. It makes it possible to build consensus around development priorities – at local level and between county level partnership and central government as a prerequisite for sustainable county-based strategies.

Figure 3.1 Objectives and activities of the County and Wider Region Development Programme



Strengthen development management capacity

Objective 2

The second objective is to *build and strengthen the development management capacity at county level necessary to enable all counties and wider regions to cope effectively with future development challenges, changes and external shocks*. The activities under this objective are:

- The establishment of partnerships that will contribute to the preparation of the county development strategy in all counties and the city of Zagreb;
- The establishment of a County Development Unit (CDU)/Agency within each county. The CDUs/Agencies will support the County Development Partnerships.

Establish partnerships

The County Partnerships will include representatives from:

- All relevant state bodies working at local level;
- County self government;
- Towns and municipalities;
- Social partners and business and trade unions at county level as well as;
- Civil society organisations (i.e. NGOs), each having its own role and influence in the regional development process.

In setting up the partnerships several factors are crucial for success. Firstly, it will take time – and some support – for County Partnerships to develop the shared working norms and values which are essential for functioning partnerships. Secondly, the skills of the members of the partnership will have to be further developed, requiring training and technical assistance. Within the County and Wider Region Development Programme further detailed advice and guidelines will be set out on partnership development, roles and tasks.

The County Development Unit or Agency (CDU) represents a multi-disciplinary team that promotes and supports the development efforts across the county. The CDU will assist the County Partnerships in their work, undertake research, facilitate consultations with local interest groups, prepare strategic documents and provide support in the implementation of the County Development Strategy. Institutionally, there are several options for the location for the County Development Unit/Agency, to be decided in the future.

Objective 3

The third objective of the CWRDP is to *prepare a coherent needs-based integrated County Development Strategy (CDS) for the sustainable socio-economic development of each county and its wider region based upon the full participation of all relevant development stakeholders at that level.* The National Guidelines (Objective 1) will provide the wider policy context and procedures for elaborating the CDS, also specifying the national and EU priority development themes. The County Development Strategy will address the development needs of the county (economic development, employment and training, infrastructure needs, environment, local, urban and rural development, tackling poverty and social exclusion) and will require the active participation of many different interest groups. It will also address shared strategic objectives with other neighbouring counties as well as cross-border and inter-regional needs and opportunities. Each CDS will be required to have mandatory chapters covering the following:

- Socio-economic needs of the county, including larger towns;
- Disadvantaged areas needs;
- Wider region priorities;
- Cross-border and inter-regional priorities;
- Development needs of islands.

The CDS will be the subject of negotiations with central government institutions concerning the investment priorities and projects to be financially supported by central government for the realisation of the strategy. This agreement will be laid down in a Development Contract between county and central government.

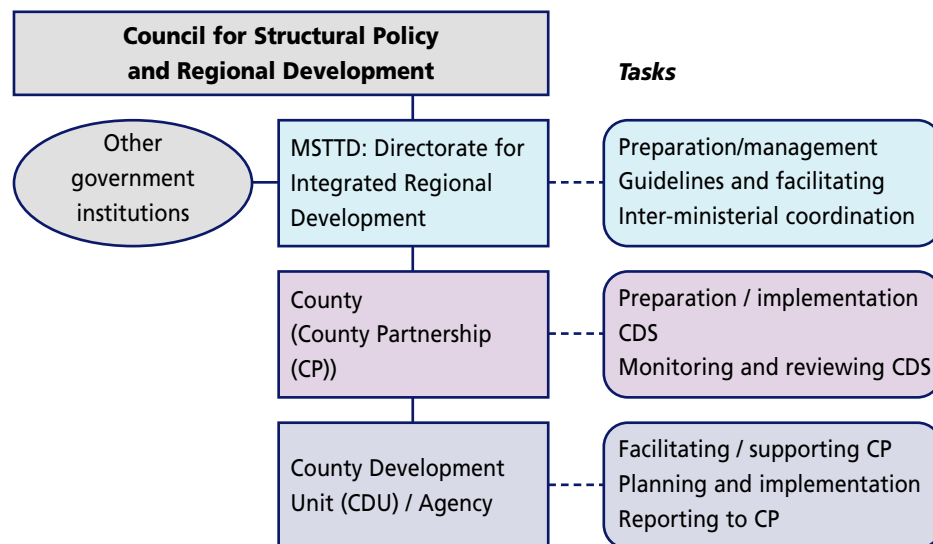
**Establish County
Development
Units /Agencies**

**County Development
Strategies**

3.1.2 Management

The management structure of the CWRDP and the tasks of the bodies involved are presented in Figure 3.2.

Figure 3.2 Management structure and tasks for the CWRDP



National level

The preparation and management of the CWRDP sits with the MSTTD (Directorate for Integrated Regional Development) at the national level. The Directorate is responsible for:

- Preparing the National Guidelines for the CWRDP in consultation with all relevant bodies;
- Promoting and providing guidance for partnership development in each county;
- Supporting and liaising with the County Development Units / Agencies;
- Coordinating and leading the negotiations on the County Development Strategies (CDSs) to prepare a County Development Contract for the county;
- Monitoring the implementation of the CDSs and reporting to the Council for Structural Policy and Regional Development.

The detailed institutional arrangements at the national level still have to be discussed.³

County level

County Development Strategies will be prepared and implemented by Counties in close consultation with County Partnerships and supported by the County Development Units / Agencies. Institutionally, there are different options for the location for the County Development Unit / Agency.

³ More information can be found in the full strategy document on the accompanying CD-ROM.

3.1.3 Financing

Financing the CDUs and the CDS

Stakeholders at county level will have the lead responsibility in establishing and running the County Development Unit/Agency. It is important that the CDU should not become a local office of the national government. The contribution of the county as well as large towns and municipalities is crucial to the objective of moving towards local ownership and shared responsibility between the local level and the centre.

Stakeholders at county level have the lead responsibility

However, for the initial period of the NSRD, co-financing for setting up the CDUs is foreseen from the national government under a special budget line in the Ministry of the Sea, Tourism, Transport and Development. Co-financing will be provided for Technical Assistance costs of setting up and supporting capacity building, specifically during the establishment and initial operation of the CDU and the County Partnership. The extent to which the central government contributes will be dependent on the relative prosperity of a county. The contribution of the central government will eventually be part of a County Development Contract between central and county level, linking support contribution to both need and performance standards. Central government co-financing for CDUs will range from 25% to 75% of running costs, according to the criteria defined in the future Law on Regional Development in relation to designation of disadvantage. Start-up support (2007) will be made available on the basis of the evaluation of need to be carried out in 2006. The County Development Contract, agreed on the basis of the CDS, will also provide the financial framework for the implementation of the agreed priorities to be co-financed within the Strategy.

Co-financing central level part of a development contract

The enabling provisions for all of these arrangements will be set out in the Framework Law on Regional Development (see paragraph 3.4).

Timing of the activities

The main activities will be implemented step by step, in three phases:

Activities	Phase I (2006-2007)	Phase II (2008-2010)	Phase III (2011-2013)
Develop a national policy framework for the development of the counties			
Integrate the implementation of county strategies with the implementation of Government sector strategies			
Approve and deliver the technical assistance measure to support the County partnerships			
Approve and deliver the financial support measure for the County Development Units/Agencies			
Evaluate County Development Strategies			

3.2 Programme for Development of Disadvantaged Areas

The second instrument of the Strategy is the Programme for Development of Disadvantaged Areas (PDDA), aiming at eliminating the disparities between disadvantaged areas and the Croatian average by enabling central agencies, regional and local actors to make a collaborative effort to maximise the development potential of those areas.

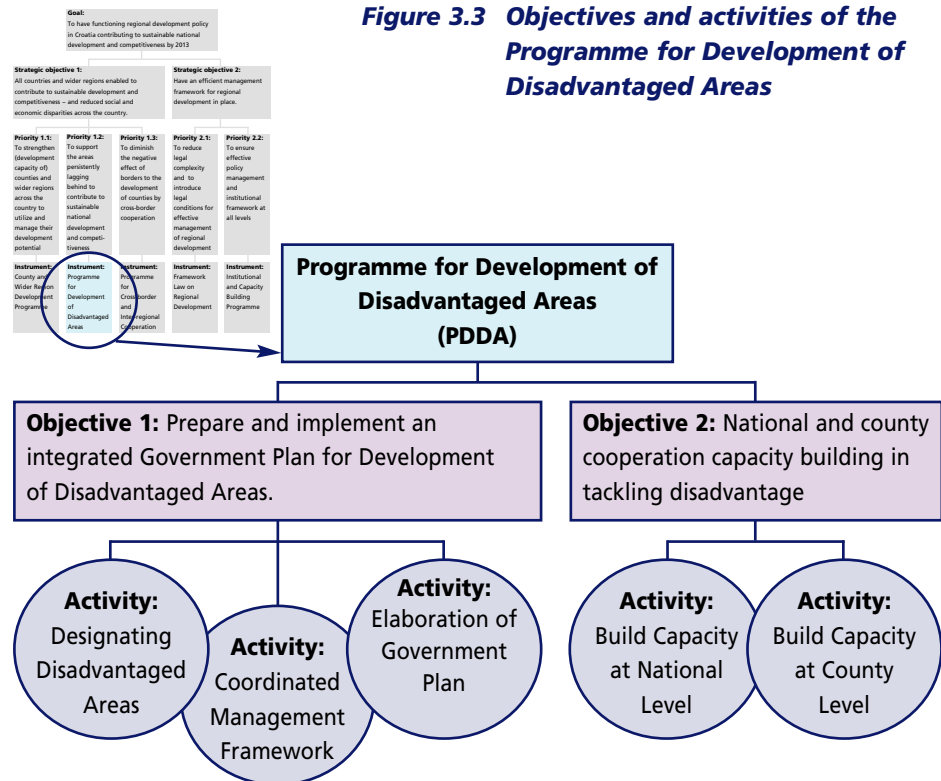
Innovative features

The PDDA introduces a number of innovative features, which differ from existing policies for tackling the problems in the disadvantaged areas in Croatia:

- **Simplicity:** a single rather than multiple profile of socio-economic disadvantage as grid for better targeting;
- **Designation of disadvantage** applies to larger areas than is currently the case;
- **One national body** will take overall management responsibility;
- **State support to designated areas** is linked to the development efforts at county level, not as a hand-out or top-up for covering routine needs, but actively addressing the causes of disadvantage;
- **A coordinated, integrated and concentrated central level approach** through a Government Plan for the Development of Disadvantaged Areas, including new specifically designed development measures.

3.2.1 Objectives and activities

The objectives and activities of the PDDA are presented in the following figure.



Objective 1

The first objective is to *create an integrated national policy framework with an exclusive focus on the eradication of disadvantage and disparities and to prepare and implement an integrated Government Plan for Development of Disadvantaged Areas*. The first activities under this objective are to agree on:

- a) A definition of disadvantage based on a single profile of socio-economic disadvantage as a unique grid for better targeting;
- b) The designation of the disadvantaged areas for a period of 7 years.

In this selection process, the following criteria should be taken into account:

- Areas are lagging significantly behind the national average;
- Areas are sufficiently large to provide critical mass in terms of population size;
- Areas are sufficiently coherent in terms of territorial identity, within county boundaries.

The second activity contributing to this objective relates to building an institutional framework to manage the programme at national level. See the institutional arrangements described in section 3.5.

The third activity of this objective is the development, implementation and monitoring of a Special Government Plan for the Development of the Disadvantaged Areas. The central government institutions responsible for the development of lagging areas will work together to define development objectives, more appropriate interventions and to agree their financial allocations to the designated areas. They will cooperate closely with County Partnerships and their Working Groups for the Disadvantaged Areas. Interventions are directed at tackling the endemic causes of economic and social decline – and strengthening the capacity of people at local level to become actors for the development of their areas. The indicative outline content of the plan is presented below for illustration:

Contents and priorities of the Government Plan

The Government Plan contains measures designed to meet the needs of the areas identified. The measures will include objective-related indicators to make it possible to monitor and evaluate the results and impacts of the programme. As stated above, it also provides the means to build capacity at local level to enable development stakeholders in the designated areas to play a more active role in defining local needs and priorities.

The overall objective of the Plan is »to reduce socio-economic disparities between disadvantaged areas and the rest of the country«. The interventions of the Plan will cover a range of policy areas: economic development, human capital development and infrastructure development. The existing measures will be adjusted and the new will be prepared in the first phase of the Strategy. Possible measures in these fields are:

Integrated policy framework

Mapping disadvantaged areas

National institutional framework

Special Government Plan for Development Disadvantaged Areas

Economy	Human capital	Infrastructure
<p>Making existing programmes more accessible and relevant to potential beneficiaries in the lagging areas;</p> <p>Support for very small firms, including mentoring;</p> <p>Access to micro- finance for small firms;</p> <p>Promoting business start ups;</p> <p>Promotion of an enterprise 'can do' culture;</p> <p>Business development in rural areas.</p>	<p>Local human capital development;</p> <p>Pathways to employment;</p> <p>Local employment partnerships;</p> <p>Tackling poverty and social exclusion;</p> <p>Tackling disadvantage through education;</p> <p>Community development;</p> <p>Understanding the causes for local disadvantage.</p>	<p>Local infrastructural development;</p> <p>Integrated urban improvement measures;</p> <p>Village renewal;</p> <p>Providing opportunities for meaningful work and training (using public works projects);</p> <p>Infrastructure needs for Islands.</p>

Objective 2

Capacity building at different levels

The second objective of this programme is *to build capacity nationally, within counties and within the disadvantaged areas to work together in purposeful manner to tackle disadvantage*. The sustainable development of lagging areas requires new working methods and a shift from 'subsidy thinking' to more proactive and integrated interventions tackling the causes of disadvantage.

To make such a shift demands a new cadre of development professionals within the managing institution and other government agencies – with new skills and competences needed for managing cross-sectoral development programmes.

Once the designation of disadvantaged areas is finalised, County Partnerships in those areas will be invited to set up a Working Group (WG) that will participate in the preparation and management of development strategies for those areas in their county. Before starting their tasks, members of the WG will be trained in the skills needed for their task, such as collaborative working methods, strategy drafting, leadership and management skills. At a later stage, capacity building at the level of potential local beneficiaries to prepare and implement projects will be necessary. The staff of the CDU will also receive training to enable them to support the development of the poorest parts of their respective counties.

Timing of the activities

The described activities will be implemented step by step, in three phases:

Activities	Phase I (2006-2007)	Phase II (2008-2010)	Phase III (2011-2013)
Prepare model for designation of disadvantaged areas			
Coordinate, monitor and evaluate existing programmes for disadvantaged areas			
Prepare and approve Government Plan for Development of Disadvantaged Areas (integrated in AP 2008-2010), continue to develop new measures			
Build capacity for managing development of the disadvantaged areas at national level			
Build capacity for managing development of the disadvantaged areas in the counties and in the designated areas			
Implement and assess the Government Plan			

3.2.2 Management

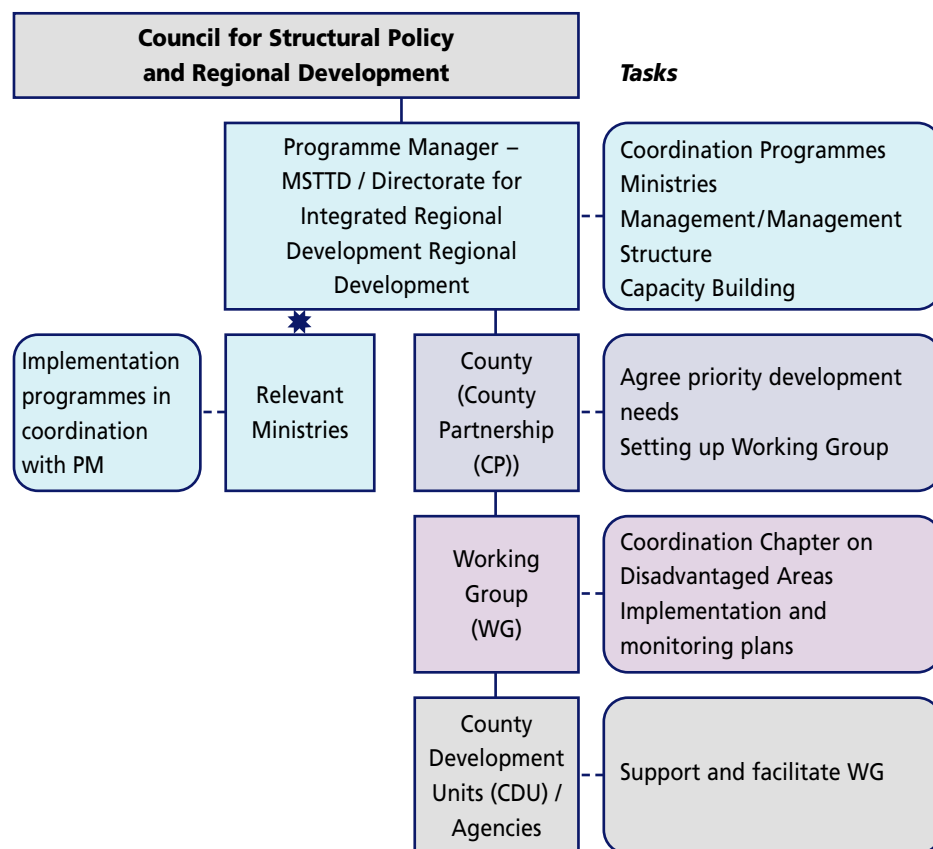
The Programme Manager (i.e. Ministry of the Sea, Tourism, Transport and Development) has the overall responsibility for the PDDA (and Special Government Plan) and annually reports to the Parliament on the progress of the programme. This institution has a mainly coordinating role in close cooperation with other relevant Ministries, which continue to be responsible for the implementation of their respective investment programmes.

National management

Within the counties, the County Partnerships and their Working Groups for Development of Disadvantaged Areas are responsible for identifying and agreeing development needs and planning investment projects in the selected disadvantaged areas within their county. These will be set out in the Chapter on Disadvantaged Areas within the County Strategy. Their tasks will include the facilitation of project preparation by local groups and monitoring the impact of investments in the designated area. The County Development Units /Agencies will have a supportive role. In the following figure the structure and tasks are presented.

County management

Figure 3.4 Management structure and tasks for the PDDA



3.2.3 Financing

Capacity building

Capacity building activities for both the national and county level is mainly financed through available EU assistance (CARDS, PHARE and IPA) as well as through the World Bank’s Social and Economic Recovery Project.

Concrete project topping-up budget

The Programme Manager will have a budget for stimulating the development of the Designated Disadvantaged Areas, to be used as a co-financing reinforcing »top-up« tool to supplement the allocations from other Ministries and local based funding.

3.3 Programme for Cross-border and Inter-regional Cooperation

The third instrument, the Programme for Cross-border and Inter-regional Cooperation (PCBIRC) is an integral part of the Strategy. It is driven primarily by the logic of European integration and the reduction of the negative effect of borders. Given the shape of Croatia and its long border-line, cross-border cooperation is especially significant for sustainable development of its border areas.

The purpose of the PCBIRC is the creation of a context for development actors at local, regional and national level to work together in a more coordinated, systematic and strategic manner with partners from neighbouring counties – and in other regions of the EU – in order to reduce the negative effect of the border and to promote socio-economic cohesion.

The PCBIRC introduces a set of innovative features which will assist Croatia to engage fully in cross-border and inter-regional cooperation as an integral part of the effort to promote the sustainable development of the counties and wider regions:

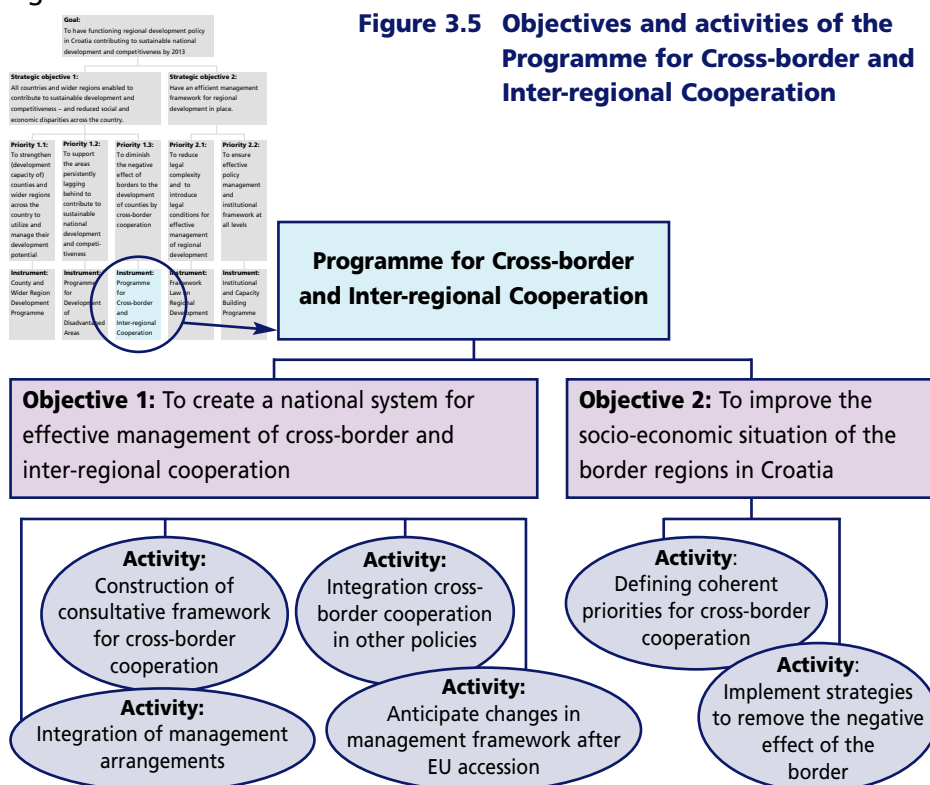
- Development of a new institutional framework for management and coordination of cross-border and inter-regional cooperation;
- A systemic and proactive approach to cross-border and inter-regional cooperation and development based upon regional and local priorities;
- Three types of border areas with specific development needs and priorities are distinguished.

Innovative features

3.3.1 Objectives and activities

The objectives and activities of the PCBIRC are presented in the following figure.

Figure 3.5 Objectives and activities of the Programme for Cross-border and Inter-regional Cooperation



A consultative framework based on the National Committee for INTERREG III

Objective 1

The first objective of this programme is *to put in place a national system for the effective management and coordination of cross-border and inter-regional cooperation as an integral part of regional development*. The first activity under this objective is the involvement of the relevant actors in the definition of national, regional and local priorities within the wider EU cross-border and inter-regional policy framework.

An important start was already made in 2004 in Croatia by setting up the National Committee for Implementation of INTERREG III, with members from central government institutions, counties, Chambers of Commerce and NGOs. It is important to continue to strengthen the capacity of the Committee to act as a forum for linking national, regional and local concerns and to involve a wider group of socio-economic actors. Institutional capacity and partnership building are important issues in this respect.

The PCBIRC will be interlinked with the other two NSRD programmes. The CWRDP provides the development infrastructure which is relevant for the PCBIRC. Each County Development Strategy will include a chapter on cross-border and inter-regional cooperation, based on the local needs and opportunities and the CDU will have a stimulating role. Likewise, the County Partnership Working Group for Development of Disadvantaged Areas and local groups will be encouraged by the CDU to identify opportunities for cooperation with neighboring countries in tackling the causes of persistent disadvantage.

Integration of management arrangements

One of the central aims of the Strategy, as stated throughout, is to streamline arrangements for regional development, and to establish a new management framework. As a consequence, the management of cross-border programmes is proposed to move from the Ministry of Foreign Affairs and European Integration (MFAEI) into the management framework for regional development. For more information on the institutional framework see paragraph 3.5.

Anticipating EU accession

As Croatia comes closer to membership of the EU, there will be a need to prepare for new institutional arrangements which will facilitate the more coordinated management of cross-border and inter-regional cooperation. Monitoring and evaluation systems will have to be further developed to reflect the demands of the EU Structural Funds.

Development of a framework for different types of border areas

Objective 2

The second objective under this programme is *to improve the socio-economic situation of the different border regions in Croatia through effective cross-border and inter-regional cooperation*. For Croatia, three types of border areas can be distinguished, each having its own features and development needs and opportunities:

- EU land border areas: activities will concentrate on the efficient use of resources along the borders, like joint labour market and drawing benefit from the single market;
- Non-EU land border: demining, property rights and access to resources are important issues;
- Maritime border: development issues are linked to development of tourism, sea transport and environment.

On the national level, a framework for cross-border and inter-regional cooperation and development will be prepared, based on different instruments for the period 2007-2013 period (IPA). In the period before 2007 Croatia will be engaged in the programming the Operational Programmes (OPs) for cross-border co-operation with neighbouring EU and non-EU countries. The national consultative body – Cross-border and Inter-regional Cooperation Committee will have a significant role in this process. An indication of thematic priorities and areas for action for the different types of borders is presented below.

Indicative thematic priorities and areas for action for the different types of borders

Based on earlier discussions around local needs and on EU and national perspectives for territorial cooperation, the following indicative areas for action for cross-border and inter-regional cooperation programmes for each border type can be identified:

EU Land Border	Non-EU Land Border	Maritime Border
To enable citizens and businesses to exploit the potential of the EU markets;	Demining;	To manage in a sustainable way the potential for tourism and fishing;
To enable local and regional actors to address joint challenges with their cross-border counterparts;	To promote political, social and economic stability in the region;	To develop a common, dynamic Adriatic economic space;
To overcome regional development disadvantages caused by national borders;	To ensure access to resources;	To safeguard a stable population structure of the islands;
To promote area integration and a common identity.	To renew and create a large integrated market in the region.	To improve security and stability in the region (especially non-EU maritime border)

County Partnerships are responsible for formulating the chapter on cross-border and inter-regional cooperation within their County Development Strategies. The County Development Partnerships are also responsible for facilitating cross-border and inter-regional actions undertaken by different groups across the county.

**Cross Border Chapter
in CDS**

Timing of the activities

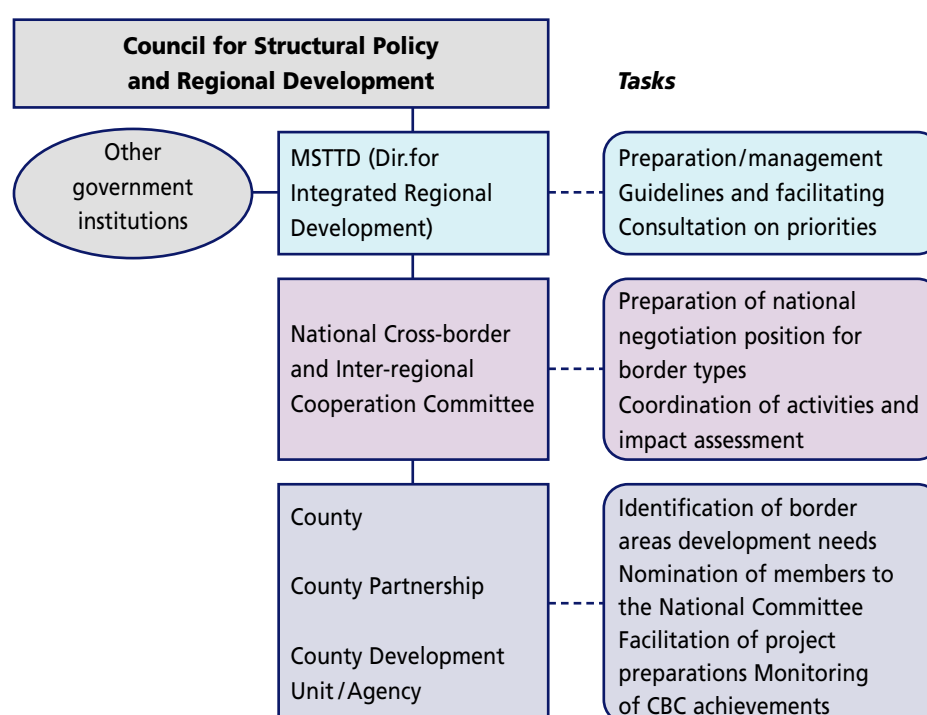
The activities described above will be implemented in three phases:

Activities	Phase I (2006-2007)	Phase II (2008-2010)	Phase III (2011-2013)
Improve management of cross-border and inter-regional cooperation			
Integrate the programming for cross-border and inter-regional cooperation into County Strategies			
Programming Operational Programmes for cross-border cooperation			
Implementation of projects			
Evaluation of Operational Programmes			
Develop Operational Programmes for the next programming period			

3.3.2 Management

The CBIRCP is managed at central level (for institutional arrangements see paragraph 3.5). The Ministry of the Sea, Tourism, Transport and Development (Directorate for Integrated Regional Development) is the lead institution in cross-border and inter-regional policy making. Other government institutions participate in cross-border policy making in issues specific to their sector. At county level, the County Development Partnership is responsible for the identification of the development priorities and the facilitation and monitoring of projects. The National Cross-border and Inter-regional Cooperation Committee is the main consultative body.

Figure 3.6 Management structure and tasks for the CBIDP

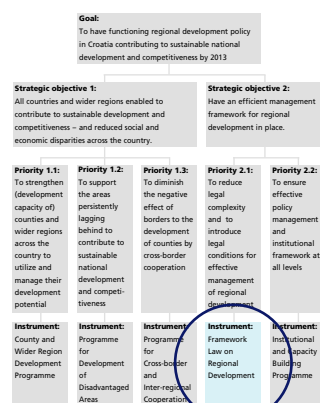


3.3.3 Financing

Up to the present, there has been no significant central government financial contribution to cross-border cooperation. There will be an increasing requirement for central government co-financing, at least in the area of technical assistance dedicated to capacity building at all levels. Financial resources for technical assistance will also be provided through the EU programmes (CARDS, PHARE and IPA). EU resources will also provide possibilities for project financing.

**National and EU
resources**

3.4 Framework Law on Regional Development



The first instrument under objective two of the Strategy is the formulation of a unified legal framework for regional development. This legal framework is crucial for the success of the three programmes presented under objective one. The purpose of the law is to ensure a stable and coherent legal framework that opens opportunities and facilitates overall development policy of the regions and counties of the Republic of Croatia. The law should contribute to the promotion of the

general EU legal and management principles of regional development and should lay down the foundations for future harmonisation of specific laws in the field of regional development.

Main characteristics

The main characteristics of the legal framework for regional development are:

- Promotion of European and national principles of regional development, linked to EU structural and cohesion policies, at the same time, reflecting the specific Croatian circumstances;
- Clear institutional arrangements for regional policy management and implementation;
- Effective mechanisms for cooperation between central and regional level authorities, as well as for wider cooperation;
- Clarity of concepts and terminology by basic definitions;
- Flexibility: a general outline, setting a foundation for the adoption of additional lower level legal acts;
- A legal basis for monitoring and evaluation.

Overall legal framework

Structure of the Framework Law on Regional Development

The Law provides an overall legal framework for regional development policy, providing basic and general provisions. It does not address all relevant issues in detail and rather provides a basis for lower level legal acts. The proposed outline of the legal framework is presented below.

Main Chapters of the Draft Law on Regional Development

- Chapter 1, Basic Provisions, covers the purpose and scope of the law and the basic definitions and principles of regional policy in Croatia
- Chapter 2, Criteria for categorisation of assisted / disadvantaged areas, providing a unified system of indicators for categorisation of those parts of Croatia that are eligible for regional support

- Chapter 3, Institutional framework and management of regional policy, introduces institutional arrangements for policy management at national and regional level. The main provisions constitute the legal basis for:

At national level

- *the establishment and mandate of the Inter-ministerial Council for Structural Policy and Regional Development.*
- Designating MSTTD as principle administrative body for regional development and strengthening its competences in that area
- Establishing the Partnership Council (based on the principles of partnership)
- Reviewing and reforming national institutional arrangements for managing regional development (including possible later delegation of executive functions to a National Agency for Regional Development)

At regional level

- Setting the basic framework for consultation and joint planning (county and inter-county partnerships)
 - Setting the basic framework for the establishment for Development Agencies
- Chapter 4, Programming, naming the main strategic development documents and bodies responsible for their drafting and adoption. The law deals with the formal requirements of the documents and not with their contents. The main strategic development documents included in the Law are:

At national level

- National Development Plan of the Republic of Croatia (National Strategic Reference Framework)
- National Strategy of Regional Development / Action Plan
- Sectoral Development Strategies

At regional level

- County Development Strategy
 - Joint Development Programme (inter-county and wider region level)
- Chapter 5, Development Contract, introducing a specific legal instrument facilitating cooperation between national and regional level and making provisions for negotiation procedures and formal components and requirements for these contracts.
 - Chapter 6, Financial Resources for Regional Policy, providing basic principles for regional development financing
 - Chapter 7, Monitoring, Evaluation and Reporting, setting foundations for monitoring and evaluation procedures
 - Chapter 8, Final and Transitory Provisions, dealing with practical issues for the incorporation of the Law in the overall legal system and setting deadlines for the lower legal acts.

Specific, detailed, lower level acts to be drafted

Lower level legal acts

After adoption of the framework law, the additional lower level legal acts will be drafted. The lower level acts will consist of decrees, decisions, guidelines, regulations and rules of procedure. All these legal documents together form a coherent legal base for regional development policy. The provisional lower level documents envisaged are:

- Government decrees on institutional and financial arrangements;
- Government Decision on designation of disadvantaged Areas;
- Guidelines for regional development, providing detailed instructions on preparation of development programmes;
- Regulations of the national government providing detailed requirements for regional strategic development documents, monitoring and evaluations, as well as for organisation and functioning of CDUs/Agencies;
- Rules of procedure for National Partnership Council and Council for Structural Policy and Regional Development, regulating their functioning.

Relation with existing laws

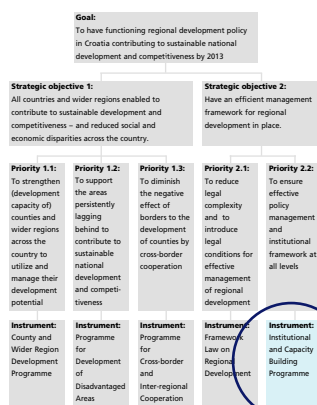
The Framework Law on Regional Development does not put the relevant existing laws out of force. However, those laws containing criteria for designation of specific areas will have to be amended, in order to harmonize them with the Framework Law.

Some amendments in existing laws necessary

Full text of the proposed Framework Law on Regional Development

For a full text of the proposed Framework Law on Regional Development, see the CD-ROM accompanying this publication.

3.5 Institutional and management framework for regional policy



The second instrument under objective 2 is the Institutional and Management Framework for Regional Policy, setting out the institutional arrangements for the management of the NSRD and for strengthening capacity. Under the Strategy and Capacity Building for Regional Development CARDS 2002 Project, much of the early stage work to reform the institutional arrangements has been undertaken. In particular, the institutional form adopted for the management of regional policy affirms the direct responsibility for policy formulation, management and implementation within the MSTTD.

3.5.1 Managing regional policy

Central government commitment to regional development is a prerequisite for the success of the National Strategy for Regional Development. This will require strong leadership at ministerial level – promoting and accounting for – at Cabinet level – the objective of sustainable and balanced development of the region. In turn, the Ministry of the Sea, Tourism, Transport and Development will need the support of a strengthened policy management team.

The MSTTD, will assume full policy responsibility for regional development in Croatia. Within the Ministry, the Sector for Development will be restructured to reflect the increasing prominent role of regional development in the business of government. Up to the present time, much of the work of the Development Sector has been dedicated to the rebuilding work after the war. This important task has now been successfully completed and it is timely for the Sector to refocus its effort to meet the new development challenges facing Croatia. The Sector will comprise three Directorates as follows:

- a) Directorate for Strategic Infrastructure Projects;
- b) Directorate for Local and Regional Infrastructure;
- c) Directorate for Integrated Regional Development.

Therefore, in addition to maintaining its infrastructure development role – a new Directorate for Integrated Regional Development will be created within the Sector to manage and oversee the socio-economic development of the regions. This Directorate, under the leadership of a qualified and experienced Assistant Minister, will bring together policy development, management and implementation functions. It is proposed that the Directorate will have a strong central policy management and coordination department which will serve as the nerve centre for regional policy development.

Policy leadership

Strengthened policy management team for regional development

Strong policy coordination – nerve centre for regional policy development

It will also provide the link point with the NDP process, working closely with the Government institution responsible for that purpose, in the preparation of a future Integrated Regional Operational Programme.

The Directorate will also comprise three Departments responsible for managing respectively the three main programmes of the NSRD – County and Wider Region Development Programme; Programme for Development of Disadvantaged Areas programme; and Programme for Cross-border and Inter-regional Cooperation.

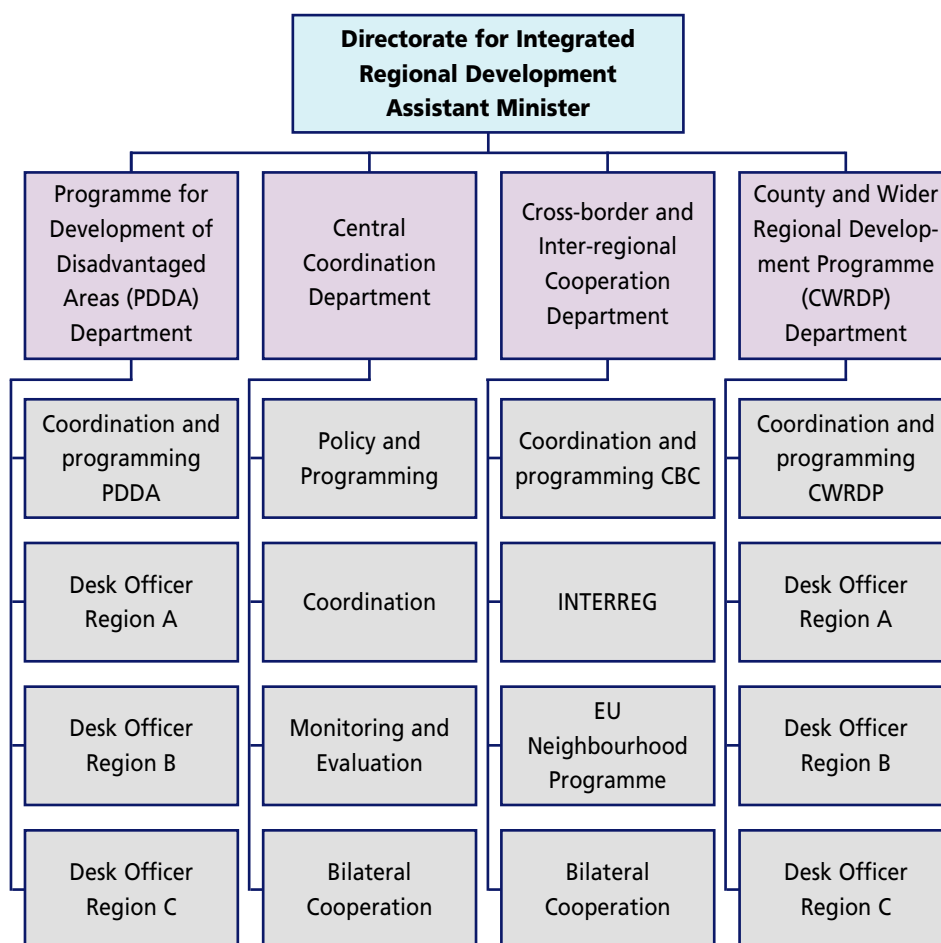
Close coordination with Directorate for Islands

Responsibility for the development of the islands, normally an integral part of regional development, will remain with the Islands Directorate and part of the Sector of the Sea. However, it will be essential to ensure close and effective coordination, keeping open the possibility of including islands development into the Directorate for Integrated Regional Development during the next years.

Overall financial management will remain within the separate Directorate for Finance within the Ministry of the Sea, Tourism, Transport and Development.

The structure and indicative functions for each department is set out below in Figure 3.7.

Figure 3.7 Schematic overview institutional structure



3.5.2 Future institutional perspectives

The proposed institutional arrangements outlined above reflect the importance now placed by central Government on the role of regional development in confronting the challenges facing the regions. The Ministry of the Sea, Tourism, Transport and Development is committed to entering into a new partnership relationship with the counties and wider regions to contribute to their socio-economic development – and to turn around the decline of those areas most lagging behind. The Ministry has restructured its organisation to allow it to focus on these tasks. However, over the next years, and on the basis of continuous monitoring and review, the Ministry may delegate executive functions to a national agency for regional development. In the meantime and during the early years, the institutional arrangements envisaged will serve to build the capacity for sustainable development for years to come.

Delegation of tasks to the National Agency for Regional Development

3.5.3 Coordinating structural policy and regional development

The balanced development of the regions in Croatia will require more than the efforts of one ministry or central institution, however vital that leadership is. As is abundantly clear from the NSRD, effective regional development calls for a fully coordinated approach bringing together a range of institutions contributing to the socio-economic development across the country. To be fully effective, there is no place for duplication and no space for omissions. It is vital for the central institutions involved in different aspects of regional development – economic development, rural development, human resource development, social development, infrastructure development, environment development, local development – to work together as a team. Planning and expending public finances demands a joined-up system.

Leadership, coordination, working together

For all these reasons, inter-ministerial coordination sits at the heart of the National Strategy for Regional Development. In the course of preparation, an Inter-ministerial Coordination Group was set up to oversee and give direction to the NSRD programming team. However, Government will now formally put in place a Council for Structural Policy and Regional Development. Its task will be multifold. In addition to bringing together all of the key central government contributors to the NSRD, the Council will play a vital pivotal role in programming economic and social cohesion at national level. The Council will be chaired by the Deputy Prime Minister and its members will include State Secretaries from all contributing Ministries and heads of key agencies.

Inter-ministerial Coordination Group to become Council for Structural Policy and Regional Development

3.5.4 National Partnership Council

Partnership involving diverse stakeholders – critical success factor

A fundamental pre-condition for sustainable development planning and implementation is consistency in policy direction over a number of years. Such consistency can only be achieved through a broadly based – and hard won – consensus which commits different interest groups to common outcomes over agreed periods in time. Partnership – involving diverse and competing stakeholders – is seen as a critical success factor in sustainably competitive regions across the EU. It is a key (win-win) principle underpinning the reform of the EU Structural Funds since 1989.

Partnership Group to become National Partnership Council

The National Strategy for Regional Development has been submitted at different stages to the Partnership Group set up for that purpose for review and consultation. The Partnership Group comprises senior officials from central government, regional and local self-government, social partners and civil society. Building on this experience and in anticipation of the need for greater policy consistency – based on shared national and regional development goals – over the next years, the Government of Croatia intends to put in place a National Partnership Council for Structural Policy and Regional Development. This new body will bring together representatives from county and local self government, the social partners, civil society, including gender and environmental interest groups to work as a partnership with senior central government officials to shape economic and social cohesion policy for the regions and the country as a whole.

3.6 Further reading

A more information on the three Programmes of the Strategy, the proposed Framework Law on Regional Development, as well as proposal for the institutional structure can be found on the CD-ROM.