Rural development in Croatia

Introduction

New regulations and developmental documents, new institutional solutions, projects which are being carried out with the financial support from domestic or international sources and the increased interest of the media bear witness to the increasing importance of the issue of rural development in Croatia in the last decade. However, that political, project and financial focus on the rural environment has not yet brought expected results or shifts in the quality of life in rural communities. Unfavourable trends of villages dying off, of vital groups of people moving out and of the economic fall continue, and the differences in being equipped with basic infrastructure and services between urban and rural areas are becoming greater.

Therefore, the promotion of rural development – the creation of a supporting frame, communication and mobilization of all relevant stakeholders in rural areas to take their role in planning the development and in the implementation of the measures which will serve to their benefit and permanent development of their region, is an extremely important process.

The rural area

In order to distinguish rural from urban areas in Croatia, the criterion of The Organisation for Economic Co-operation and Development (OECD) based on population density is applied. The threshold which divides rural from urban areas is a population of 150 per km$^2$. When this criterion is applied, the following results are obtained, based on the 2001 Population census:

- 91.6% of the territory of the Republic of Croatia is classified as rural area, and 8.4% as urban area;
- 88.7% of settlements are situated in rural areas, and 11.3% in urban areas, with 35% of the population in 14 towns with a population of more than 30 000;
- 47.6% of all people live in rural areas, and 52.4% live in urban areas.

A lack of continuous income (only 5.1% of all the employed people are in the country), high average age, low education level, neglected architectural heritage, unsatisfactory provision with basic services
and infrastructure and unresolved ownership rights (ownership of land, buildings and other) have resulted in neglected rural settlements and in the loss of younger and employable population.

**Regulations related to rural development**

The main characteristic of the rural development policy is an attempt to stop the rural areas from lagging behind by efficient use all their resources. Croatian policy of rural development follows the European guidelines in its developmental documents and regulations. The model of rural development aims to keep the people in rural areas, to make the quality of life in rural and urban areas equal, to increase the competitiveness of the production and thus to create a larger income for farmers.

Strategic goals of rural development of Croatia have been determined by the **Rural Development Strategy of the Republic of Croatia** for the period 2008-2013 in 2008:

1. The improvement of the competitiveness of the agricultural and forestry sectors
2. The preservation, protection and sustainable use of the landscape, the cultural and natural heritage
3. The improvement of the quality of life in rural areas and the expansion of the economic programme for the rural economy
4. The improvement of the institutional environment efficiency.

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<th>The Rural Development Strategy of the Republic of Croatia for the period 2008-2013.</th>
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<td><strong>The vision of rural development</strong></td>
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The rural area of the Republic of Croatia is an area which is attractive to all its inhabitants and visitors, it is desirable and comfortable for work, life and stay.

The strategy starts from the assumption that radical changes in the development of the rural area of Croatia require a considerable improvement in working and living conditions for the citizens in that area.

The vision of the development of rural area of Croatia includes:

- The quality of life of the rural population is constantly improving, and the differences in the standard of living between the rural and urban population are decreasing;
- Rural areas are vital and attractive for work and life, with developed various economic possibilities in accordance with the local conditions and characteristics;
- Through dynamic connections between villages, smaller towns and city areas, the rural areas contribute to the overall economic development;
- Rural areas are capable of adapting quickly to the economic, social, cultural, environmental and technological changes, and of integrating into the market economy;
- Rural areas accomplish their sustainable development by keeping the balance between economic growth, preservation of the environment and the social stability of rural communities.

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Pre-accession programmes and supports

The aim of the SAPARD programme in Croatia has been to improve the agricultural sector through the implementation of Measure 1 – Investment in farms and Measure 2 – Improvement in the processing and marketing of agricultural and fisheries products. SAPARD was implemented on the basis of the Agriculture and Rural Development Plan 2005-2006, in accordance with the Multi-annual Financing Agreement between the EU and the Republic of Croatia. The implementation of the Programme ended on 31 December, 2009. Based on, in total, four tenders / invitations to tender, financial support for 37 projects has been given. Less than 50% of the available financial support has been used.

The implementation of the SAPARD has been continued and expanded through the IPARD programme. IPARD is a constituent part of IPA\(^2\), the pre-accession programme of the European Union for the period of 2007 – 2013, its component V Rural development in particular. The European Commission accepted it on 25 February 2008. From 2007 to 2011 the users will have EUR 179 000 000 (HRK 1.3 billion) available as support to realise three basic objectives or strategic priorities:

1. The improvement of market efficiency and the implementation of the Community standards
2. The preparatory activities for the implementation of agro-environmental measures and local strategies for rural development
3. The development of rural economy.

The document IPARD programme – the Agriculture and Rural Development Plan 2007-2013, available on the web-site of the Ministry of Agriculture, Fisheries and Rural Development, contains detailed information about the measures, activities, amount of funds, required documentation, acceptable users and the sequence of the implementation of the Plan.

The implementation of IPARD began at the end of 2009 by inviting tenders for the implementation of measures 101 – investments in farms for the purpose of restructuring and reaching the standards of the community and 103 – investments in processing and marketing of agricultural and fisheries products for the purpose of restructuring of those activities and reaching the standards of the community, which continue from the previous measures of the SAPARD. In 2010, there were three rounds of invitations for tenders, and at the moment, new regulations are being prepared. There are ongoing invitations for tenders in accordance with the Regulations on the implementation of the measure 301 – The improvement and development of rural infrastructure and the Regulations on the implementation of measure 302 – The diversification and development of rural economic activities. What remains is the passing of the Regulations on the implementation of measure 202 - The preparation and implementation of local strategies for rural development.

\(^2\) Instrument for Pre-accession Assistance.
The LEADER³ approach and its implementation in Croatia

LEADER⁴ is a way of implementing the rural development policy of the European Community. It was developed as an initiative in the early 90s, and in its 4th cycle, from 2007 to 2013, under the name of Os LEADER, it has become an integral part of the EU rural development policy. The LEADER approach has been included in the implementation of rural development in Croatia through the IPARD Programme.

LEADER implies that neighbouring local communities will enter into a partnership for rural development (local action group – LAG) based on common characteristics, resources and interests, which will create, prepare and implement the local development strategy.

The basic elements of the implementation of the LEADER have been determined by the IPARD programme – the Agriculture and Rural Development Plan in accordance with the EU regulation. Despite the delays in the passing of an appropriate implementation regulation (The Regulations on the implementation of measure 202 – The Preparation and implementation of local strategies for rural development, LEADER Regulation for short), which will regulate the criteria for and the way of financing the expenses of the functioning of the local developmental partnerships⁵, the practical implementation of the LEADER approach has improved considerably in Croatia.

Organisations of the civil society, especially the Croatian network for rural development and its members, play an important role in the promotion, explanation and advocacy of the LEADER approach. The network organised the First Croatian conference on rural development in 2006, at which it gathered the representatives of all three sectors from all over Croatia, with several ministries responsible for the rural development and/or its important components.

Local action group - LAG

Encouraging the people to self-organise represents the basic “tool” of the LEADER programme through establishing a local action group (LAG).

³ Abbreviation from the French expression „Liaison Entre Actions de Développement de l'Économie Rurale“.
⁴ The LEADER approach is characterised by the following elements:
   • Local developmental strategies which are based on the distinctive features of the rural area with recognisable common characteristics (traditional, geographical, economic, cultural, etc.)
   • Public-private partnership which includes different groups of stakeholders, established in an appropriate legal form which enables management and decision making
   • The bottom-up approach – local stakeholders prepare and implement their developmental strategies on their own
   • The multi-sector approach to the preparation and implementation of the strategy which is based on the interaction of different stakeholder groups specific to a certain rural area
   • Innovativeness
   • Cooperation
   • Networking.
⁵ Local action group – LAG;
According to the provisions of the IPARD Programme, the LAG area in Croatia is a rural area with a population of 5 000 – 150 000. A LAG can be comprised of several neighbouring local communities including smaller towns and towns with a population smaller than 25 000.

A LAG territory represents a rounded and recognisable economic, social and geographical unit and it must not overlap with the territories of other LAGs.

A LAG is formed from the representatives of three sectors (public, civil, economic), where the public sector has less than 50% of representatives.

The experience so far has shown that the process of activating the community should first begin by increasing self-respect and awareness of self-worth and the value of the area. Through gradual introduction of the techniques which can be used by motivated individuals and through assignment of tasks which can be accomplished, their self-confidence increases.

Local action groups, apart from the fifth component of the IPA – rural development, have the possibility of entering projects into other IPA components as well, for example the second component - cross-border cooperation, the third component – regional development, and the fourth component - human resources development.

The selection of LAGs for receiving support from the IPARD will be carried out in accordance with the required procedures. The Ministry of Agriculture, Fisheries and Rural Development is responsible for the completion of the legal frame, and the IPARD Agency for the implementation of the procedures.

LAGs in Croatia today

Until the end of 2010, more than ten LAGs were registered. There is an increased interest of the local governments in rural areas in setting up LAGs. Counties, regional developmental agencies, international organisations such as UNDP, as well as the organisations of civil society encourage such an orientation. The processes based on the LEADER were in the beginning more noticeable in the continental part of Croatia, and recently they have spread to the islands, the coast and the hinterland.

Since the government support funds for the establishment of local partnerships are still not available, the financial support has been obtained mostly from the international cooperation projects.

- Gorski kotar LAG, the first Croatian LAG, was registered at the beginning of 2009, and it was created through a Croatian-Dutch cooperation of associations on the project “Sustainable future of the rural areas of Croatia”, which was financed from the support funds of the Dutch government from the MATRA fund.
- The LAGs Vallis Colapis, Four Rivers and Laura were registered in that same year, 2009, and they were formed within the project "Institutional Capacity Building and Support for..."
Implementation of SAPARD/IPARD Programme in Croatia”, which was financed from the PHARE Programme 2005. The project was managed by a Greek consulting company.

• Within the partnership project of a Czech and Croatian association “Sustainable development of the regions through participatory processes”, LAG PRIZAG (Prigorsko-zagorski LAG) was formed and it was financed from the PHARE Programme 2005 funds and registered at the very beginning of 2010.

Within the mentioned projects, a systematic training of the LAG members was carried out, directed towards the implementation of the LEADER, as well as the development and implementation of local strategies for sustainable development.

The basic numerical data for the first ten LAGs is as follows:

• 85 local governments (15% from the total number of LG units), out of which 16 are smaller towns, rural area of two larger towns (Sisak and Vinkovci) and 67 municipalities
• The LAGs are situated on the territories of nine counties, and several LAGs expand across the county borders
• They occupy an area of 8 200 km² in total (14.5% of the total continental territory of the Republic of Croatia)
• They represent the living area of 340 thousand people (7.6% of the total population of the Republic of Croatia).

Conclusions and recommendations

A high percentage of rural area on the territory of Croatia and a large number of very small settlements, as well as numerous examples of good practice and the fact that the LEADER approach in this developmental stage has become a part of the official European Rural Development Policy advocate the leaderisation of Croatia. Such a conclusion is also supported by the increased interest shown by the people living in rural areas, their own initiative and a good response to the invitations and incentives from various sources, despite the lack of systematic animation and expected incentives.

In addition to the competent Ministry of Agriculture, a whole array of other institutions at the governmental and regional level should be informed about the purpose and directions of the LEADER and should be encouraged to support such processes. The necessary inter-sector cooperation has still not been established.

In a rural community, the development, if it is viewed from the point of sustainable and integral (comprehensive) development, includes more than agriculture revitalising and financing. Investments in cultural, social, educational and ecological structures are as important as the development of the economy.

More than 5 000 settlements have a population smaller than 500.
It is still necessary to improve the understanding of the basic concepts and familiarise with the procedures related to the rural development in Croatia. The people living in rural areas of Croatia should be encouraged to take their role and responsibility in providing a better future for the communities they live in.

The processes of involving the local people and interest groups in the creation and implementation of the development have a weak tradition in Croatia. Therefore, in the implementation of rural development in our country, the process of communication, encouragement and motivation of rural stakeholders for the purpose of setting up LAGs is of major importance. The civil society organisations (CSO) have proven themselves in mobilising and organising local stakeholders and in the facilitation of the processes of establishing local partnerships as well as in directing the creation of strategic plans for the sustainable development of LAG areas. They should therefore be supported and their experiences, models proven in practice, printed manuals along with the support for publishing new ones, organisation of meetings, and so on, should be used. In any case, all competent stakeholders should gather to accomplish the complex task of rural development.

The newly established rural partnerships registered as associations still have a lot to learn. First of all, they lack knowledge on LAG management, on the implementation and the monitoring of the implementation of the strategy for the development of their area and other competencies for successful and efficient work. They can acquire a good portion of the required knowledge and skills in cooperation with their partner LAGs from European countries. Such cooperation should be made possible and it should be encouraged.

The established LAGs have been waiting for almost three years for a formal confirmation that they have selected a good developmental strategy in accordance with the country’s developmental policy. They rightfully expect financial support which has been provided for, but the distribution is being delayed.

A final message: Rural development should be understood and supported as a long-term and a demanding process which should be encouraged form “above”, and created and managed from “below”. The process of rural development contributes considerably to the democratisation of the society and to the decentralisation of the government.

For example, ‘Together for Sustainable Development of Rural Areas – A Manual for the Implementation of the LEADER Approach in Croatia’, which was created on the basis of the experience in two LAG areas.