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## Urbanization and Town Management in the Mediterranean Countries

Sub-regional study:  
Slovenia, Croatia, Bosnia Herzegovina, Albania

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### **Avertissement**

Ce rapport a été établi par Maja MAROEVIC (Urbaniste et sociologue) pour le Plan Bleu et la Commission Méditerranéenne du Développement Durable, dans le cadre d'une action soutenue par la Commission européenne.

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## RESUME

### SLOVENIE, CROATIE, BOSNIE-HERZEGOVINE, ALBANIE

L'urbanisation industrielle de la période socialiste, puis les caractéristiques de la transition entre les régimes, ont influencé, voire déterminé le développement urbain de ce groupe de pays. Au cours de la période socialiste et, en particulier, jusqu'à la fin des années soixante dix, les villes se sont agrandies en termes, à la fois, de population et d'espace. A l'inverse, au cours de ces dix dernières années, la population a considérablement diminué alors que l'on a continué de gagner du terrain avec l'extension massive et illégale des constructions.

L'extension urbaine massive, associée à une grande proportion de constructions illégales, les infrastructures urbaines et communautaires inadaptées, une gestion urbaine et de l'espace sous-développée, des politiques urbaines inefficaces et un manque de participation publique dans les prises de décision constituent les caractéristiques communes aux quatre pays.

Il existe néanmoins des différences considérables dans le caractère et les effets généraux du développement urbain dans ces pays. Ces différences dépendent du niveau de développement obtenu lors de la période socialiste et du mode de transition adopté. Les possibilités économiques et financières existantes, ainsi que le développement de structures institutionnelles et judiciaires, ont largement influencé l'aptitude des villes à développer un gouvernement et une gestion autonome. Cependant, les activités et les actions locales sont également nécessaires pour assurer une autonomie plus importante et trouver les solutions de développement et de gestion appropriées. Ces actions sont inexistantes à l'heure actuelle et, compte tenu de la centralisation des états et, depuis longtemps, la piètre sélection de professionnels, la résolution des problèmes de gestion et de gestion dans les villes peut s'avérer très longue. Pour cela, le processus de prise de décisions et la construction d'installations doivent être modifiés et la participation du public doit être accrue.

En Bosnie-Herzégovine, où les institutions gouvernementales ne sont pas encore totalement en fonction, et où les conséquences de la guerre ont eu un effet catastrophique sur la population, il sera nécessaire de mener des efforts particuliers en matière d'économie et d'environnement pour entamer un développement durable. Jusqu'à présent, seule la Slovénie a atteint des résultats, jugés peu satisfaisants, en termes de développement urbain durable.

Le socialisme connaissait depuis longtemps déjà les constructions illégales et l'économie clandestine en ex-Yougoslavie et ce, bien avant le début de la transition. Le socialisme était particulièrement friand de cette philosophie de cause à effet et du fonctionnalisme moderne. Par conséquent, les villes se sont développées selon une politique de croissance économique linéaire et de séparation des fonctions. Malgré une croissance économique dynamique, ces pays ne pouvaient satisfaire les besoins en logements ni ne pouvaient fournir les infrastructures nécessaires dans les villes à croissance rapide. En outre, le développement d'une industrie désuète et le manque d'infrastructures ont entraîné une pollution de l'environnement. Ainsi donc, la fin de la période socialiste a été caractérisée par une croissance démographique et, en même temps, par une dégradation sociale, économique et écologique des villes. Des actions positives ont fait leur apparition dans les années 80, notamment : la philosophie de planification a été modifiée, les problèmes écologiques ont fait l'objet d'une plus grande préoccupation et des efforts ont été menés pour réhabiliter les centres et cœurs historiques des villes.

Bien que la modernisation radicale constituait l'objectif officiel du socialisme, le rôle des villes n'était pas reconnu dans la modernisation et le développement et la ville, en tant qu'institution à part entière, dépendait de l'état. Le paradoxe de la situation était que les villes s'élargissaient en

termes de population et d'étendue, mais perdaient de leur complexité et de leur importance. Aucun changement considérable n'a été apporté par la transition. Dans cette région, cette transition avait pour objectif principal de constituer des états nationaux (à l'exception de l'Albanie) et l'autonomie locale était considérée comme un effort contre l'intérêt national. La centralisation a été particulièrement mise en avant en Croatie mais elle constitue également un problème en Slovénie et en Albanie, tout comme en Bosnie-Herzégovine, malgré l'organisation territoriale particulière de ce pays.

Jusqu'à présent, la privatisation a été un élément dominant de cette transition et a eu un impact important sur la situation sociale et économique. Cependant, la privatisation des terres a eu une influence nette et plutôt négative sur l'urbanisation, la planification et la gestion des villes.

Les objectifs principaux de la privatisation étaient les suivants : a) introduire une économie de marché privé, b) augmenter l'efficacité de l'économie, c) augmenter les revenus de l'état, d) introduire une démocratie et la garantie des droits de l'homme.

En théorie, la transition devait permettre de rendre le système plus stable et efficace. Cependant, de nombreux faits nuisibles, tels que l'économie clandestine, la construction illégale, la corruption, le chômage, etc. sont apparus en raison de l'inadéquation du système judiciaire et institutionnel et, également, en raison d'une inertie culturelle caractérisée par un haut niveau d'opportunisme, à savoir une tolérance par rapport aux infractions à la loi. Dans les pays de l'est et du sud de l'Europe, la neutralisation de ces faits nuisibles et le développement d'un cadre institutionnel sont considérés comme étant les objectifs les plus importants de la prochaine phase de la transition.

Le manque de capital social renforce les effets négatifs de la privatisation. En effet, ce capital social agit dans un système de règles informelles, comprenant une coordination, une confiance mutuelle et l'acceptation des règles. Ce manque a un impact négatif sur le développement économique, et provoque, par conséquent, des pertes économiques. Il est commun aux pays en transition, en raison de l'inertie culturelle (l'incapacité de changer) et les réactions contextuelles (résultant des expériences négatives de corruption, etc.). Par rapport aux autres pays de ce groupe, la Slovénie a atteint un niveau de développement considérablement plus élevé en termes de capital social.

D'un autre côté, l'acceptation naissante du pluralisme politique et économique, le libéralisme culturel et les aspirations en matière d'études supérieures sont des indicateurs encourageants du poids du capital social. La croissance de ce dernier fait partie intégrante de la croissance économique et l'ouverture et l'indépendance des médias, la capacité et la compétence des services publics, la transparence de la prise de décisions et la responsabilité individuelle sont importants pour l'une et l'autre.

Il est indispensable de connaître les acteurs et leurs intérêts pour mettre en place un plan efficace. La détermination de l'intérêt public ou de l'identité de la ville doit constituer la première étape de la planification urbaine. L'objectif de la seconde étape doit être d'identifier les acteurs principaux. Étant donné le caractère unique de la transition, il est nécessaire de déterminer, par le biais de recherches, les identités et les rôles de ces acteurs, tout d'abord en raison du manque de connaissances pertinentes et, ensuite, parce que ces connaissances sont des plus importantes dans une planification liée aux rôles et aux intérêts des participants (par exemple les responsables de développement forment une catégorie importante qui, jusqu'à présent, a joué un rôle mineur dans l'organisation de la construction. Plusieurs questions, de la plus grande importance dans la planification et l'exécution des plans, se posent : pourquoi cette situation ? Les responsables du développement vont-ils voir leur rôle devenir plus important ou leur activité restera-t-elle fragmentée ?, etc.). D'un autre côté, les recherches sont nécessaires pour répondre aux demandes à la fois diverses et souvent inattendues. En effet, l'administration municipale se doit de répondre à ces demandes, au moins pour la protection de l'intérêt public. Nous sommes ici confrontés, en premier lieu, à un conflit

entre le développement et la fonction de protection de la ville. À l'heure actuelle, la fonction de protection est privilégiée dans les institutions alors que, en l'absence d'un gestionnaire pour la ville, la fonction de développement est divisée entre les responsables du développement privé et les entrepreneurs. Par conséquent, la fonction de développement n'est pas clairement définie, ce qui entraîne, d'une part, des pertes publiques, et d'autre part des gains privés basés sur le pouvoir d'individus et de groupes affirmant leurs intérêts.

La participation publique efficace dans la prise de décisions constitue un élément clé du développement urbain durable. À l'heure actuelle, elle est en grande partie formelle et inefficace, essentiellement en raison des déficiences du système d'information. Celui-ci est sectoriel mais la communication et la coordination entre les secteurs est insatisfaisante et, généralement, les informations existantes ne sont pas compréhensibles pour le public.

La communication est publique quand son sujet est d'intérêt public. La population doit participer à la définition de l'intérêt public. Ceci est particulièrement nécessaire dans le domaine de la planification et de la gestion urbaine, dont l'objectif principal est la protection de l'intérêt public. Celui-ci est prôné dans les documents officiels mais il n'est ni protégé ni exécuté. L'intérêt privé de certains groupes est prioritaire, en raison de sa meilleure définition et organisation et en raison du mode de fonctionnement du système politique, dans lequel il n'existe aucune responsabilité réelle pour les décisions prises et où les politiciens sont plus influencés par les groupes d'intérêts que par le public.

Dans une situation de lacunes en matière de compétences techniques et judiciaires de plus en plus complexe, le besoin de participation constitue l'un des problèmes majeurs de la démocratie libérale. Il devient de plus en plus important de prendre des décisions de manière plus transparente, en présentant les problèmes concernant les participants dans des termes simples et clairs, en formulant des alternatives et en proposant des solutions.

Pour atteindre l'objectif d'un développement durable des villes, les secteurs suivants devront faire l'objet de modifications et d'améliorations :

#### **Structures judiciaires et institutionnelles :**

- renforcer le processus de décentralisation et appliquer le principe de substitution,
- renforcer l'autonomie décisionnelle des villes, sécuriser l'indépendance financière, la construction d'installations institutionnelles et l'autonomie décisionnelle,
- sécuriser les bases législatives appropriées pour faire face à l'économie de privatisation et de marché et protéger l'intérêt général,
- prendre des mesures fiscales et financières pour lutter contre la spéculation des terres et sécuriser le contrôle de la propriété des terres,
- modifier la planification de la loi dans le but de la rendre réalisable et exécutable,
- renforcer les lois et autres règles sont particulièrement importantes

#### **Construction d'une politique et d'une gestion des villes efficaces :**

- capacité de construction pour un élargissement du processus de prise de décision, en particulier, en ce qui concerne la réduction de pouvoir des partis politiques,
- élaborer des lois selon des objectifs acceptables et traduire ces lois en projets,
- permettre le développement de production locale et à petite échelle,
- créer un dossier des ressources disponibles,

- introduire des formes de financement mixte (public et privé),
- diriger la politique principale de développement social et économique,
- renforcer la capacité et le rôle des ONG et des autres sociétés civiles.

**Développement du processus de participation :**

- définir les acteurs et les participants,
- traiter les informations et la communication avec les participants,
- éduquer pour augmenter la participation du public,
- formuler et adopter de règles strictes pour le processus de prise de décision,
- inclure les groupes marginaux et délaissés dans le processus de prise de décision.



# Report

## Introduction

This paper is based on four national reports. Therefore, given the existing differences among countries and the somewhat different approaches of national experts, we encountered some difficulties in depicting the subregional situation.

We also noted that the sources and character of data in the national reports differed considerably, so quantitative data are used more as illustration and are based on the reports and available statistics.

As our own experience is based largely on Croatian situation, we might have put to much weight on the Croatian situation occasionally. Besides the author's experience, another justification for doing so is that the transition process in Croatia was kind of characteristic for the ex Yugoslavian territory, which comprises the greatest part of the subregion. Besides the Croatian coast is particularly long and among the most important natural and economic resources.

We gave more weight and space to the first part of the paper, in relation to the demands of the terms of reference. We thought that it was necessary to point out the facts and relationships that have mostly influenced the process of urbanization, namely the previous socialist political system and the present transition process in all four countries, but also the specific effects of war in Croatia and Bosnia Herzegovina

## 1. National contexts - Urbanization and Urban Policies

### 1.1. National and international contexts

The following definitions describe the terms used in the report:

**City** is a densely built, structurally and functionally consolidated area.

**Urban area** is the area of daily gravitation of the city, also the area of perspective city development.

**Urban region** is the wider area of city gravitation, where the city acts as a functional but also as traditional centre of the area.

**Urban agglomeration** is a continually built up area containing suburbs, towns and villages connected to the main city.

**Metropolitan area** is the agglomeration of several urban areas and/or regions, mainly connected to the capital or other main centres.

In order to state and explain the actual state of urbanization and town management in the four East Adriatic countries, and assess the perspectives for future sustainable development, a short description of their development during the socialist period is

necessary, as well as of the main characteristics of the transition process they are undergoing at present.

Obviously the main characteristics and problems of urbanization and town management are closely connected to, and even dependant on the character of the economic, social and political system, i.e. type of government. Absolute domination of the political system over economic and legal systems and the dominance of the ruling class (the socialist party) in decision making were important characteristic of the socialist system from the end of World War II till the end of the eighties. Although the political system has changed, the dominance of politics is still persistent in most transition countries. In fact the inertia of decision-making system, still arbitrary and non-transparent, is the major obstacle to policy-oriented decision-making, including effective public participation and accountability. Cultural inertia (incapability for change) and contextual reactions (to transition, as a result of negative experience with corruption etc.), combined with undeveloped institutions help to maintain this type of decision making, which is the main obstacle to the launching of effective urban policies and town management, i.e. improve the present and future of cities.

The objective of the study is to grasp the common characteristics of the subregion in terms of urbanization and development, the priority urban issues and concerns, and to propose adequate solutions. But in performing this task it is necessary to take account of the important differences in the past and present situation among the countries, and the influence of differences on proposed solutions.

The four countries have noticeable characteristics in common, they are situated on the eastern coast of the Adriatic Sea, their political system was socialist till 1990, and they are in transition now. The differences, besides geographic features, regard the achieved development till 1990, and the achieved transition goals.

Before 1990, the countries had socialist economic and political systems, the characteristics of which were state ownership, planned economy and the rule of one party. After the 1990, the economic and political systems changed, introducing private ownership, market economy and free elections. Transition means introducing privatisation, free market economy and democratisation. But the process has not been equally successful in all the transition countries. The different position of these countries on the list of candidates for the full membership EU **is/are** in fact dependent the results of the transition process. Slovenia's position in the first group of candidates can be interpreted as a result successful transition.

From 1945 to 1990, Slovenia, Croatia and Bosnia Herzegovina were part of the Yugoslav federation, which belonged to the socialist block, but experienced forms of free market and personal freedom unknown to other European socialist countries. The republics of the Yugoslav federation, owing to their partial economic independence, started the transition process with considerable differences in the level of economic and social development. In 1990 Slovenia had per capita GDP of around 6000 \$, Croatia around 5000 \$, and Bosnia Herzegovina only 2000\$. Consequently, the attained level of urbanization and the functioning of urban management were different too. There was no federal planning Law, and consequently no federal plan, planning was in the domain of the republics. After 1990 there was a war in Croatia and Bosnia Herzegovina and the transition process in the whole subregion, only in Bosnia it started much later.

Both war and transition had a traumatic impact on new states, but even more so on cities, and therefore are of utmost importance in the description and explanation of the

actual situation. The war that followed the dissolution of the former federal state, was very short and almost without consequences in Slovenia, but had a strong negative impact on Croatia, and still more negative on Bosnia Herzegovina. The characteristics of the transition that followed the war were partly influenced by war, but mainly by the choices and decisions made by governments.

Albania has not suffered war, but a noticeable economic and political crisis in 1997, provoked by the effects of privatisation and the collapse of the banking system, with serious negative implications on the country economy.

The modes and the intensity of privatisation had great influence on Albania, Croatia and Slovenia, while Bosnia Herzegovina has not started massive privatisation yet, and is still mostly influenced by the consequences of war. The present complicated and non-functional territorial organisation of the country is due to the attempt to end the ethnical fights.

Privatisation so far has been the dominant feature of transition, which should consist of privatisation, democratisation and modernisation in a form of a triangle, with three elements of equal value. Privatisation has a strong impact on the social and economic situation, but land privatisation has a decisive and mostly negative influence on urbanization, planning and management of cities.

Privatisation was expected to raise the efficiency of economy and increase the GDP. The countries of the first EU integration circle, and Slovenia is part of the group, were the most successful in attaining those goals and the standards of the OECD as well. In the second group, where Croatia is, the important differences between the expectations and the achievements are causing social problems and conflicts. The sustainability of privatisation depends on social equity and on constitution of the institute of free market. (Albania was one of the countries, like Russia, Moldavia, Bulgaria etc., in which privatisation has caused a deep social crisis, in Bosnia Herzegovina because of the permanent social and governmental crisis the privatisation is just on the start). The constitution of an adequate legal framework and forming and launching institutions is a much slower and more demanding process than the redistribution of propriety and privatisation itself. The lack of legal and institutional framework corresponding to private land ownership is the main problem in urban planning and management.

The undeveloped market economy caused an overwhelming and unrealistic importance of the real estate market. Land is viewed as the easiest, and frequently only economic resource, therefore there is a disproportionate demand for transformation of agriculture and other non buildable land in buildable land, but due to financial and institutional problems, this transformation is used for construction of dwellings, without infrastructure and public spaces.

## 1.2. Urbanization

**Slovenia** is a small central European country (20.256 km<sup>2</sup> and 2,0 mil. inhabitants in 1999, 98 inh./km<sup>2</sup>). Slovenia's population is the oldest in the subregion, the natural growth rate is negative. The average annual population growth rate is 0,12%, due to immigration. Slovenia was the most developed of the ex Yugoslav republics. After a ten-days war in 1991, the country enjoyed a constant and peaceful development. Slovenia chose a central European mode of privatisation, distributing rights to citizens. At the end of the nineties according to macroeconomic indicators, Slovenia was the

most successful of the transition eastern and central European countries, and therefore the nearest to the full membership of EU. The GDP has increased considerably, from 3000 \$ in 1990 to 9000\$ in 1995. At the start of the transition period Slovenia was the most developed of the four countries, but of the ex Yugoslavia too. The differences in regional development, and between urban and rural development were less pronounced. Ljubljana, the capital, has 273.000 inhabitants (13,6% of the country population), and the urban region 327.000 (16,3%) Although the unemployment rate is not low (8 - 9%), the employment rates, i.e. the activity rates, are high. In the Ljubljana region there are 600 employment posts per 1000 residents, and more than 500 in Maribor region. In spite of the short coastline (46 km), Slovenia has developed a very important international port in Koper, and transborder Co-ordination Koper - Trieste and Gorizia - Nova Gorica. Though Slovenia has defined historic and geographic regions, the region is not a part of the administrative territorial organisation, and the fact is regarded as an obstacle to EU integration, together with differences in economic development, migrations, laws and institutions, infrastructure, absence of regional territorial organisation.

Towns and cities are defined on the basis of size, population density, economic structure and historic development, while urban municipalities as administrative units are defined by the Law on local government and self-government. Urban areas are defined only statistically. Urban agglomerations are defined as the city with its suburbs and the built up areas adjacent to city boundaries. The rate of urbanization is medium (51%). Some 16% of the population live in the Ljubljana agglomeration, and 13,5% in Ljubljana city. Most of the population and employment are concentrated in three agglomerations: Ljubljana, Maribor, and the Celje - Velenje basin. Around a half of population lives in villages, but only 10% are agriculturists. Commuting from villages to towns is very frequent, and endorsed by a good road network and public transport. The pattern of settlements is scattered, there are more than 5.800 settlements, of which 20% have a population less of 200.

The coastal region is small, it comprises the Obalno - Kraška statistical region. The centre is Koper, the only Slovenian industrial port. Koper has a population of 45000 in the urban area, and 76000 in the metropolitan area. The population growth rate in this part is higher than in the country. It was positive (0,9% average annual rate between 1991. and 1995, compared to 0,01% negative in the country. Slovenia had important immigration rates between 1971 and 1981, after that the rates were considerably slowed. Fall of immigration together with population ageing and zero or even negative population natural growth cause fall of proportion and ageing of the active population.

**Croatia** is a medium size European country (56.609 km<sup>2</sup>, 4,8 mil inhabitants, 85 inh./km<sup>2</sup>, according to the 1991. census). The population is old, the average age is 37 years. The estimated annual growth rate is 0,93%, and the natural growth rate is around 0. A new census is due in April 2001 and will probably show great differences in number and regional distribution of inhabitants, as a consequence of the migrations and displacements during and after the 1991-1995 war. The estimated population in 2000 is 4,3 mil., as a consequence of displacements and emigration during the war and in the post-war period. Seagram has 706.000 inhabitants (14,7%), and the urban region 1.000.000 (21%). In former Yugoslavia Croatia was second in development to Slovenia. War in Croatia lasted four years (1991. to 1995.). War damages were considerable, first to mention destruction of cities (even protected world cultural heritage, like Dubrovnik), but also villages, industrial buildings and infrastructure. The still existing mine fields prevent the use of an important part of agricultural land and forests. It is estimated that

Croatia has lost around 300.000 people in the war, mostly emigrated and displaced persons, about a half of them are young people who left the country mainly for economic reasons.

Croatia is a country of great regional differences. The differences are geographic and cultural, the northern part belongs to central Europe, and the southern part is the Mediterranean coast and the Balkans of the mountains. The existing administrative division in counties does not correspond to the regional organisation. The rate of urbanization is 52%, but there are only 9,1% of the population are agriculturists. Most people who live in village work in cities. The number of settlements is 6.694, 122 are towns or cities. 82% of the 6.330 villages are losing population, some of them are already depopulated. The population growth is concentrated in the capital (Zagreb - population 706.770 in 1991) and in the suburbs of the three great cities (Rijeka - 167.964, Osijek - 104.761 and Split - 189.388), but also in 12 middle size cities, of which four are on the coast, and 8 in the continental part. The growth rate of the cities, however, was most intensive between 1961 and 1971, the decade of most intensive industrialisation and urbanization.

Differences in the population distribution are characteristics for Croatia and are partly due to the character of the urbanization process. In the northern Međimurje county there are 164 inhabitants per km<sup>2</sup>, and in Ličko Senjska county 16 per km<sup>2</sup>.

The coastal part consists of seven counties, their surface is 24,696 km<sup>2</sup>, (44% of the national territory), with 1,580 213 inhabitants (33% of the national population). With 64 inhabitants per square km it is more sparsely populated than the continental part, where there is 100 inh. per km<sup>2</sup>. Except of the narrow coastal strip both hinterland and islands are depopulated, while the coastal cities and towns are growing. Two of the three big regional centres, Rijeka (population 167.974) and Split (population 189.388), are in the coastal area. So are four regional centres of second range, Pula (63.368), Zadar (76.343), Šibenik (41.012) and Dubrovnik (49.728). All these cities have historic cores of international value, as well as many historic buildings and monuments. The historic cores of Split and Dubrovnik are enlisted in the UNESCO's list of World cultural heritage. The Croatian coastline is extremely long because of its and of the great number of islands. There are 718 islands, of which 66 with human settlements. The coastline of the mainland is 1.778 km long, and of the islands 4.078 km long. Some of the islands are important spots of natural and cultural heritage. Two national parks and two nature parks are on the coast, and two national parks and one nature park on the islands, together with a number of protected urban and rural settlements and cultural monuments.

The urban concentration on the coast occurs in the narrow stripe between the sea and the first mountain range, sometimes only few hundred meters wide, where there are hundreds of kilometres long almost uninterrupted built areas. In the same time in the hinterland of those cities and on the islands only towns experience stable or slightly growing population, while the villages are depopulated. In fact, the seven coastal counties, with 64 inh. per km<sup>2</sup>, are more sparsely populated than the country average (85/km<sup>2</sup>). Abusive constructions of dwellings, secondary homes, and lately even tourists accommodations are endangering the coast itself, as a valuable economic and social resource, but particularly the sensitive and protected areas on the islands, in and around national and nature parks, as well as cultural heritage.

**Bosnia Herzegovina** (51.129 km<sup>2</sup>, population 4,4 mil in 1991, 2,9 mil estimated in 1995.- 86/km<sup>2</sup>) is a continental country, with a narrow access to the sea. The coastline is only 24 km long. Because of its central position and natural resources (electricity and minerals) a great part of ex Yugoslavia heavy and military industry was located in BH. Industrialisation, urbanization and deagrarization took place between 1953 and 1991. The population growth rate was the highest in the federation till 1971, after it started to slow down, but before the war was still at 3,1%. The urbanization rate was 49,5% in 1991. Urbanization in the fifties had mainly economic and after 1980 demographic characteristics, the number of residents workers exceeding the number of jobs. A large portion of population lives in the villages and works in the cities, the same as in Slovenia and Croatia. There are 5.800 settlements, most of the rural settlements losing population. Besides the capital of Sarajevo there are 6 regional centres and 15 subregional centres. These centres together with adjacent small towns formed a functional network of urban regions. This functional network was disrupted by ethnical divisions that followed the war.

The last ten years in Bosnia Herzegovina were conditioned by the war. The war damages were massive, particularly concerning cities and great infrastructure. The GDP in 1999 was only 1300\$ per capita, compared to 2000\$ in 1991. The number of population decreased almost one third (from 4,4 mil. in 1991. to estimated 2,9 mil in 1999.). Moreover, BH has not yet achieved effective functioning of state and local administration and institutions. Given the predominance of ethnic criteria on territorial organisation, it is extremely complicated, with two main entities (Croat Bosniac federation and Serbian republic). The federation is than divided in ten cantons, again mainly on ethnic bases. Therefore there are thirteen constitutions and governments at the moment, besides a strong influence of the international community and international law. The country experienced destruction of cities and villages, infrastructure, economy and institutions, losses of the most vital population, either perished or displaced, and severe ethnic conflicts. The urban life and processes were disrupted and the country divided in two parts, which are overloaded by governmental and administrative organisations and bodies, regardless of the regional and subregional functions and systems. There is no rational territorial organisation nor functional organisation of space. After the war the abusive use of space is the most frequent pattern.

The coastal part consists of the municipality of Neum (223 km<sup>2</sup>, population 4.325). It is located between Dubrovnik and the port of Ploče (both in Croatia - in fact the Neum municipality divides the Croatian coast in two parts). The area is at the crossroads of the Adriatic and Neretva valley main routes. The municipality economic base is mainly tourists accommodation, and lately retail and gross trade.

**Albania** (28.748 km<sup>2</sup>, population 3,5 mil. 122 inh./km<sup>2</sup>) is a continental and coastal country, with high mountains at the north-east, and plains near the coast. The coastline is 362 kilometres long. Compared to the other countries in the subregion, it has the highest population density, and the youngest population (the average age is 29). Before 1990 the average growth rate was 1,9%, and it is estimated that till 2000 it has fallen to 0,26%, owing to external migrations. The natural growth rate is very high, 1,3% annually. The capital of Tirana has grown from 250.000 to 600.000 inhabitants in the last ten years, which is 17% of the population. Till 1990 Albania was the most isolated of the European socialist countries, with an autarchic and weak economy, mainly based on agriculture and some limited industrialisation. There was no private property of any kind of real estate nor free movement of population. The rural urban migrations that in former Yugoslavia happened in the fifties and caused economic urbanization, in Albania

happened only forty years later but in the form of demographic urbanization. Therefore the rural urban migration occurred only after 1990, after the changes of political and economic systems. It is estimated that some 270.000 people migrated from villages to towns, increasing the rate of urban population from 35,7% to 46,1%. From 1950 to 1990 the rate of urban population has grown from 20% to 35,7%. Another important implication of the changes was external migration, and it is estimated that nearly half a million of mostly young people has left the country since 1990. Migrations are caused mainly by the difficult economic situation and massive unemployment. There are three main types of internal migrations: rural - urban, from the mountainous regions towards the coast, from small towns to big cities. The population of the capital, Tirana, is estimated to have increased from 250.000 to 600.000 inhabitants since 1990.

Almost half of urban population (44% permanent residents but also temporary residents for working, studying and other reasons) is located in the Tirana - Durres - Fier - Elbasan area. The Tirana - Durres area is developing into a metropolitan area, where one third of the country's population is concentrated. In this area as well as in coastal area cities, the population has almost doubled in the last ten years. Given their weak existing economic and institutional basis those cities obviously encounter great difficulties, because the lack of residences, jobs and infrastructure creates economic, social and environmental problems. The development of cities is judged to be uncontrolled, the quality of life deteriorating, and the authorities unable to cope with the situation. The unemployment rates are high (18% of the active population), Tirana is the most affected by these problems, but so are other main, and especially coastal cities. Their situation is deteriorating, and Forrest and agriculture land at the outskirts is occupied, together with some environmentally sensitive areas.

In the North coastal region people move from villages to cities, from hinterland to the coast, and from the region towards Tirana and Durres, in the Central region people move from rural to urban areas. In the South coastal region after 1990 the main process was depopulation, towards other countries, but also some movement from hinterland towards the coast. Here also the urban concentration on the narrow coastal strip is endangering sensitive areas like lagoons, wetland, forests, and valuable agricultural land.

Almost immediately after World War II all socialist states started a transformation of the traditional territorial organisation, which was based on a dense network of small towns and cities, functioning mainly as administrative and tertiary centres of their agriculture based micro-regions. Massive industrialisation operations were launched, and masses of people transferred from villages to towns and cities, because of the existing residences and infrastructure, but also because of the value that socialist ideology attributed to the industry and to the working class. The industrial plants were not technologically advanced, and the economy was based on distribution of products and natural exchange with other socialist countries. New residences were needed for the newcomers, but one of the characteristics of the socialist system was that it never managed to solve the permanent need of new dwellings, and therefore the difference between the privileged (higher education and position) and unprivileged (lower positions in the firm) was generated in spite of egalitarian ideology. The unprivileged, mostly unskilled workers solved their dwelling problem by abusive constructions at the city borders. The outcome of this kind of territorial development was the outmeasured development of the periphery, where most of the industrial plants and state owned dwellings were located. The state chooses to build on "empty land", made cheap the nationalisation, and therefore considered to be without any economic value. As

agriculture was considered to be economically inferior to industry, and even a reactionary activity, and as arable land at the city borders was often the most appropriate for building, thousands of hectares of best arable land were lost. In spite of the continuous attempts for overall state control, there were processes that have always escaped control, and illegal building is among them. Quantitative urbanization, by which we mean the growth of urban population, but not of urban way of life, had three main outcomes. First were development of the periphery and the deterioration of the traditional central parts of cities. The second was the draining and depopulation of villages, and entire parts of mountain regions in the continent, and of islands and hinterland on the coast. The third was environment pollution caused by inadequate industrial technologies and inadequate infrastructure, especially sewage outlets.

The growth of cities was at the peak between 1961 and 1971, the period in which the cities in Croatia, Zagreb, Rijeka and Osijek had the average annual growth rate of 3%, and Split even 4,7%. After 1971 the growth rate started to slow down. In the eighties the character of urbanization changed in former Yugoslavia, due to the economic crisis and the beginning of the political crisis of the late socialist period. With the introduction of elements of free market the obsolete and uncompetitive industry lost its leading economic and social role, state control over development was replaced by the control of self-interest associations, and new social and economic actors appeared. Private initiatives in that period were tolerated only in small trade and catering, and the growth of these activities provoked the interest for rehabilitation of central areas. The interest for reconstruction and for new building in central parts and in traditional quarters was also raised. But this kind of building put new pressure on the existing infrastructure, which was not maintained or reconstructed, and urbanization became more chaotic. Speculative building started, based on political influence over land use changes. The character of illegal building also changed, while in the previous period it was mainly social, speculative abusive building started in the eighties. Entrepreneurs from the grey zone constructed high-rise residences and commercial buildings without permits and mostly without adequate infrastructure, and then sold at comparatively high prices. Zones planned for tourism, recreation or green spaces on the coast were occupied by illegal secondary homes, and so were other valuable resorts like the borders of rivers, lakes etc.

The above described processes refer to ex Yugoslavia, but were different in Albania. As was mentioned before, Albania was isolated and the economy was based mainly on agriculture till 1990. Moreover neither private property of dwellings or land nor internal or external migrations were allowed. Therefore intensive urbanization in Albania started only with the transition process after 1990.

In the nineties the political systems were changed, introducing privatisation, free market and democratisation. Buildable land in towns and cities was denationalised and privatised, as well as the state owned apartments. Denationalisation and privatisation of land had a very strong influence on urbanization. As privatisation was not accompanied by adequate planning legislation or fiscal and financial measures, chaotic urbanization was the outcome, as well as a substantial increase of speculative and abusive building. Mainly residences, but also some commercial buildings and tourist accommodations are built, either with or without building permits. Public uses and public buildings are completely neglected, and public interest proscribed as the remains of the former socialist system. The same happens in Croatia, Bosnia Herzegovina and Albania. Apparently Slovenia developed better legal and institutional control, but unfortunately the report is not quite clear on the subject.



### 1.3. Urban policies

There is no adequate translation of the word policy in Croatian (or Bosniac and Slovenian) language. The most frequently used words are strategy, and sometimes even politics. In fact it is common opinion that the policies are comprised in urban or spatial plans, in the form of development goals and objectives. This operation usually lacks two important dimensions of policy making. First, the goals and objectives are not stated in a full participation process, and second (but depending on the first) propositions are made regardless of the technical, financial and institutional organisation necessary to attain the objectives. Finally, as there are no tools or instruments for implementation and monitoring, policies are reduced to value based goals.

In the socialist period from 1945 to the end of the sixties policies were based on ideology and entirely in the domain of the state, while the decision-making was confined to the ruling party. The urban planning paradigm was based on linear economic growth and spatial development by means of adding new zones and buildings. The control of space performed by the state was effective because the state controlled preparing and implementation of plans as well as all other relevant decisions, like land ownership etc.

In former Yugoslavia after the first economic crisis at the end of the sixties, a political liberalisation was started and quickly suppressed, but partial economic liberalisation enlarged the previously introduced self-management in enterprises and self-government of local communities. Therefore both enterprises and local communities legally had a decisive impact on urban policies, although the decision-making still belonged to the political power. The change of the political system was not part of an integral modernisation, (and first of all modernisation of technology was necessary) as a base for social and urban development. The solutions of urban problems like substantial shortages of residence, infrastructure, schools etc were transferred to the future or to the time horizon of master plans, based on projected (very optimistic) economic growth in twenty years. Apparently Slovenia was the only of the ex Yugoslav republics which started with technological modernisation at the time, and that is the possible explanation of the level of development it achieved before 1990 and the rather successful transition that followed.

Though nationalised buildable land made plan implementation comparatively simple, plans were rarely completely implemented. Implementation was regularly reduced by financial shortages. Partial implementation usually meant omitting part of infrastructure and public buildings. Implementation of plans in bigger cities was the responsibility of building institutes, municipality owned enterprises acting as developers.

In the eighties local self-government was further developed, and the general improvement of living conditions enabled the emerging of different group and public interests, and first of all those related to environmental concerns. The planning paradigm also changed, and planning became problem oriented. The system of preparation and adoption of plans was rather advanced and consistent, with satisfactory degree of local community involvement.

Public awareness was also increasing, and it was mainly oriented towards broad environmental issues, comprising protection of natural and historic heritage. Planning became more concerned with quality of life, preservation and upgrading of the historic centres and other valuable parts of the existing cities, instead of the future growth

projections. But urban sprawl, suburbanization and shortages of infrastructure in cities continued. The control of space had weakened, but the earlier parastatal or municipal institutions for implementation and execution of plans had not been replaced by an organisation able to match changes. In spite of the development of planning methods and the adoption of the concept of integrated planning, the overall urban conditions deteriorated. The growing administration and complicated, frequently expensive methods of issuing building permits on one hand, and lack of enforcement of rules on the other caused further enlargement of zones of abusive buildings, including zones of secondary homes in the coastal zones. Obviously, there was no political will to preserve the quality of space, and toleration of illegal building was one of the political methods for avoiding serious social conflicts. Illegal building always had a definite political role. In the first phase its role was to mitigate the requests of the mass of unskilled and unprivileged workers, and in this second phase the requests of the emerging private entrepreneurs, mostly legally unrecognised and therefore conferred to the so-called "grey zone".

In the eighties in ex Yugoslavia there was a general tendency towards functional integration, attempting to shift the power and decision making centre from the political to the economic system. So spatial and urban planning became parts of integrated economic and social planning. The so-called middle range plans contained projections of financing and building housing, public buildings, communal transport systems and infrastructure. Unfortunately, though these plans were obligatory, few of them were prepared, and still fewer implemented. The procedure of preparing and adopting those plans was very demanding, because of the need to integrate and co-ordinate a number of state and municipal departments, self interest communities and other institutions. Former building institutes were transformed in self-interest communities for building, a very complicated and inefficient organisation, which, together with economic crisis slowed down state and municipal housing construction.

The system was aiming to be consistent and integrative, but the reality was different. The socialist economy was already in serious crisis, and unable to secure financial means, and privileged and influential social actors emerged and managed to influence planning and implementation of plans, in order to satisfy their partial needs and interests. New actors appear in the so-called grey economy milieu, whose influence can be substantial, though unpredictable. So the system was practically exhausted even before the nineties. Conflicts are caused by environmental problems, shortage of housing and infrastructure, and many other problems of deterioration of cities and quality of life.

In the nineties the most important changes in urban development were the outcome of land privatisation, which was (once more) introduced by a mere political decision, without legal, institutional, or fiscal endorsement. In fact, cadastre and land registers are either non-existent or obsolete, there are no financial nor fiscal instruments to prevent land speculation and speculative land use changes. In addition to the legal and institutional shortcomings there are two important reasons for the absence of modern urban policies. The first is the centralisation of the new states, and decentralisation is the logical and necessary condition for policy making. The second is the prevailing of political on other systems, where the power distribution is in favour of the private interest. Public interests, equity, environment protection, etc are clearly underprivileged. Land ownership rights are overrated in relation to public or other groups' interests. As a consequence, budget investments are often used to increase the value of private land. The reproduction of cities (building of infrastructure etc.) is mainly financed by the

budget, which an unacceptable example of inequity produced by the still non-transparent and voluntary decision making system, based on political will and on the absence of clearly stated and adopted urban policies. .

War in Croatia and Bosnia caused great displacements of people, mostly to the big cities, because they are safer and offer better opportunities. People who lost their jobs because of the privatisation in the economic sector also move to big cities, which, they believe, offer better employment possibilities. The control of space is even weaker than in the previous period, for example in Croatia a building permit for business premises is not necessary to start a business, and the working permit is issued regardless of the legal status of the building.

This is partly understandable, because after the destruction suffered by towns and cities in Croatia, and more so in Bosnia Herzegovina, the governments were not willing to pull down more buildings. But the outcome is an enormous amount of new illegal buildings, now mostly of speculative character, and further deterioration of space conditions. In all national contributions it is made clear that the legal and institutional framework are not able to cope with sustainable development of cities. The existence of a very large, complicated and expensive but definitely ineffective administration, which is not capable to cope with the situation is the specific case in Croatia. So are the existing planning laws, which ignore the real problems and continue proposing idealistic solutions, without any possibility to enforce implementation.

## **2. Urban growth impact and living environment**

### **2.1. Urban sprawl**

Urban growth in the subregion is characterised by urban sprawl and population growth, especially in large cities. In fact the rule is larger the city, bigger the increase. As the cities were not able to provide employment and residence accompanied by infrastructure and public facilities, the newcomers occupied the suburbs and outskirts of cities. The outcome of this occupation is deterioration of landscape, devastation of natural or historic heritage, losses of arable land and forests.

In Slovenia there has always been a tendency to single family dwellings. These dwellings were built in two kinds of settlements. In the suburbs of cities the occupation of land has the same characteristics as in other parts of the subregion, building is scattered and the infrastructure is not satisfactory. But a considerable part of dwellings is built in small settlements, maintaining the traditional settlement network and diminishing the pressure on urban areas.

The loss of arable land between 1971 and 1991 was 55.000 ha, but in the same time the forest land increased 43.000 ha. So, presumably part of the arable land was changed into forest.

It is estimated that in Croatia the annual loss in the past 35 years was around 4.000 hectares, in BH 1.000 hectares, in Albania.

Population growth was generally directed to the suburbs of four the big cities, which is evidently a case of urban sprawl.

While in the city sprawl occurs on the borders, small settlements have a different pattern and houses in the villages are built mainly in strips along the roads.

Urban sprawl has developed particularly after 1990, and it has a clearly negative influence on the coast. In 1960 only 100 kilometres of the coast line were occupied mainly with small and densely built settlements, while in 1990 settlements occupied 500 kilometres of the most coast line, in a linear and scattered suburban pattern, and containing a number of secondary homes. These settlements not only ruined the landscape, but in some spots prevented building of tourist accommodations, with a clear negative economic impact.

In Bosnia Herzegovina the pattern of settlements was mostly influenced by geographic characteristics. Cities and towns are situated in narrow river valleys and even canyons, that's why one third of all towns and cities are limited in growth, as some of the most important regional centres –Banja Luka, Zenica, Travnik– and even the capital Sarajevo. The pattern of cities depends on the time of development. Cities developed between the two World wars have a more regular matrix than older towns, whose matrix is mostly irregular. After World War II cities developed in valleys and on arable land, because agriculture was considered a retrograde occupation and arable land was not an important economic resource.

In Albania the impact of migrations and urban growth on the pattern of settlements was particularly strong. As a consequence of the movements of population towards cities, which were not prepared to receive the immigrants, the need for dwellings caused massive abusive building. Those buildings occupied arable land, forests, natural resorts, but also infrastructure corridors, sewage outlets etc.

## **2.2. Population densities**

Medium residential densities in Croatia are rather low, except for the densely built traditional city centres. While the densities in these parts sometimes reach 400 inh. per ha, the suburban densities are only 10-30 inh/ha, which is very low and hardly rational in terms of infrastructure and facilities building. These low densities are not product of urban policy, but of the lack of control over land use.

In Slovenia there are two basic types of settlements, the urbanised areas with dense centres and suburbs with low densities, which, the same as in Croatia, are growing faster than central cities. The other group are the small rural settlements. Data on densities are not part of the national report.

In Bosnia Herzegovina densities also range between 15-30 inh/ha in the suburbs to 100-150 inh/ha in central zones, and even up to 350 in some residential zones.

In Albania Tirana is estimated to have densities from 70 inh/ha in the suburbs, and 130 inh/ha in the city (to note relatively high densities in the suburbs), and in Durres 15 inh/ha in the suburbs and 97 inh/ha in the city.

The difference between high rise and high density planned residential neighbourhoods (mainly from the 1960-1970. period) and the low densities of the either planned or abusive suburbs is characteristic for the subregion. In fact, there is no considerable difference between the planned and abusive suburbs, because the existence of an urban plan does not guarantee implementation in a situation where building is fragmented and mainly organised by private landowners.

Historic and other traditional parts of cities are in general medium densities, 100-200 inh/ha, but are continually losing population. Till 1990 new housing was located in the periphery, and young families moved there, while in the transition period there is a tendency of converting apartments to business premises. But on the other hand there is also a tendency towards upgrading the demographic and social situation in these parts, because of the new housing model. Till 1990 almost half of dwellings was state, municipal or enterprises' property, and the common way of solving the housing problem was getting the apartment from the employer, as a privileged and protected tenancy. In the last decade those apartments were privatised, and the housing need was considered to be an individual, not a social need (except for some categories as the poor and the refugees). Therefore young and educated people remain in the family apartments, while the elderly sometimes move to the villages or to secondary homes, and it helps social revitalisation of city centres.

### **2.3. Urban economy**

Two main aspects of the city - economy relationship are important for urban development. One aspect regards the location of economic activities in the city, and the other the entrepreneurial activity of the city or municipality.

The first aspect was clearly dominant till 1990. As we already mentioned, socialist government considered cities primarily as places able to receive the new industry and the labour force driven from villages. This process was at work in socialist countries after WW II, while in the West European countries it had happened in XIX century. The generally negative impact of early industrialisation on cities was described by many authors, but particularly well by Louis Mumford (*City in History*). The relation between city and economy, and particularly city and technology, is an important subject of modernisation.

(Classical) industry needed broad markets and therefore was dependant of the state. The city was the natural site of the tertiary. At present the modern technologies demand less in space and labour force and more in know-how and quality of life. Transportation and communication networks enable the almost indiscriminate location of new and sustainable technologies in cities and in regions. Therefore relationships of cities and their regions are strengthened, but so are relationships of both cities and regions with the global market. The discussion is important in the transition period, when on one hand there is an external investments pressure on cities, but on the other also a tendency to upgrade the degree of self government and autonomy in order to be able to control external factors. It is particularly important in terms of modernisation, which in fact is the main goal of transition.

In the socialist period state or public ownership was the only or the privileged form, and private ownership survived only in the form of small trade and personal services. State industries developed on the city borders, on waste surfaces. In the same time the centres were emptied of traditional tertiary activities, which can exist only if they are private. The outcome was not only deterioration of central parts, but also loss of diversity and liveliness in central parts.

The big cities were not based on industrial specialisation, as were some smaller towns. Some of them, like Jesenice in Slovenia, Đakovo in Croatia or Zenica in Bosnia Herzegovina were dependent on the steelworks (Zenica and Jesenice), machine industry (Đakovo) or shipyards on the coast.

The overall economic growth in former Yugoslavia was high (around 5% average annual growth between 1945 and 1990) but as the starting point in 1945 was low, and a serious economic crisis started after 1985 the country was in the group of developing countries at the end of the period. The type of economy with no free market, reduced and non-diversified activities, and particularly undeveloped tertiary, could not generate profits nor new investments. The industrial plants with their obsolete technologies could not support the costs of the fast growing cities. The state distribution of funds (partly based on foreign loans) was also an important source of income local communities, but state funds were invested in industry, so in fact the state was subsidising economy. Relying on state funds is a still persistent behaviour of the local administration in those countries. Therefore the partial implementation of plans, shortage of residence and infrastructure and disorderly cities and towns. But one of the long term consequences of this period have been the environmental problems. Air, water and soil pollution were also the outcome of inadequate technologies, and loss of agricultural and forest land, devastation of the coast and sea pollution the outcome of the urban policies. Some of the worst polluters in Croatia were located on the coastline of the regional centres, making of the Bakar bay near Rijeka and Kaštela bay near Split the black spots of the Mediterranean. The environment was considered inexhaustible, and the rivers and sea as liquid waste disposals.

Although the main task of industry was to secure employment, in the eighties declared unemployment rate was rather high. In Croatia it was 12% in 1990, but only 3% in Slovenia. The hidden unemployment was much higher, and was estimated between 25 and 35%. After 1987 in former Yugoslavia economy was partly liberalised and private initiative was tolerated, though not indiscriminately, there were some constraints as the maximum number of employees. The central parts of cities were particularly attractive for small business, like retail shops, small catering, personal services etc, therefore the centres were attacked by tertiary activities, and the municipalities were not prepared for effective fiscal control or control of the quality of premises or performance. Grey economy, which has always existed in a parallel system, in this period was growing particularly fast.

In the nineties the urban economy has completely changed. The great industries have practically disappeared, in Bosnia many of them were demolished in the war, so were some in Croatia too. Only few of those that were not demolished have survived till now, some went bankrupt, and some were privatised. Privatisation was expected to modernise and restructure the establishments and modernise technology, and generate profits. But the reality is different, the privatised industrial plants, department stores, commercial chains and other enterprises were closed, the workers fired, and the new owners used the premises or the land only for real estate speculation, for selling or as mortgages for bank loans.

Now the tertiary sector takes the lead in urban economy, but with few exceptions it is mainly small business. Thanks to the good education opportunities young people turn to new activities, communications and computer technologies. The overgrown state and municipal administrations and parastatal institutions, like education, social welfare, health and social care, generate an important part of incomes. Another very important part is the generated by grey economy. Statistics of course are not available, but it is estimated that grey economy participates in the Croatian GDP with 30-35%. In Slovenia it is estimated that 3 - 4% of active population is employed in informal or grey activities. Grey economy is presumably even more developed in Bosnia Herzegovina

and Albania. In fact the grey economy absorbs part of the social pressure, but though it helps surviving, it certainly does not generate development.

Real estate property is presently the main economic resource in cities. Buildable land has been either denationalised and returned to previous owners, or sold to new owners together, without any charge for the existent publicly financed infrastructure. Moreover, responding to the political pressure of owners groups, municipalities invest in new infrastructures, increasing the value of privately owned land. Only in the last two years the municipalities and the state try to find new ways of protecting the public domain and modelling an equity based land management.

In order to upgrade overall development modern cities act as entrepreneurs, and frequently in co-operation with private entrepreneurs. The same form is used for financing and organising the building of new infrastructure or for upgrading the existent infrastructure and other facilities.

Unfortunately Croatia, Bosnia Herzegovina and Albania experience stagnation or even negative economic growth and massive unemployment, as an outcome of the lack of investments. The unemployment rate in Croatia in 2000 reached 22%, in Albania 18%, in Slovenia it was 8-9%, while in Bosnia Herzegovina only 10% of the population were employed. States have not managed to create and implement employment programmes, and the private sector has not created enough new jobs to replace the ones lost during war and privatisation. As unemployment is concentrated in the cities, and besides local administration lacks ability and capacity, there is a tendency to except internal and external investment propositions rather indiscriminately.

## **2.4. Housing and real estate**

During the socialist period in former Yugoslavia the right to adequate dwelling was proclaimed by the Constitution a basic social right. Consequently, in the earlier phase dwellings were provided by the state, and later the obligation passed to the enterprises. But as all the needs could not be satisfied, the model was an important source of inequity. Although payments in enterprise housing funds were obligatory, it was estimated that in average one out of three families had the privilege of getting an apartment with substantive tenure rights. Private ownership of apartments and houses existed, but neither the market nor the system of loans and credits were developed. In addition private single family houses were never acknowledged as a legitimate urban housing type, they were not subject of social or planning care. On the other hand surveys have always proved that the single family house was the preferred housing pattern, while the skyscrapers were definitely disliked. This neglect of single family housing in cities has been one of the reasons that helped the spreading of illegal building.

As already mentioned, illegal construction has since the sixties provided part of the necessary housing units, which the state was unable to secure. The data were never accurate nor completed, but the illegal constructions in Croatia are estimated at around 50.000 units, the greatest part being single family dwellings, but also high rise residences, secondary homes, and even tourist accommodation.

In Albania there was no private ownership either of land nor of buildings till 1990.

As a rule from 1990 the publicly owned apartments have been sold to the tenants, while the nationalised commercial and other business premises not subject to privatisation and land were returned to the former owners. The occupied nationalised apartments (those with tenancy rights) and the used land (built or occupied by green and other public spaces) were not returned. The outcome of these operations was further inequity, this time between the former owners who could and those who could not use their property. The land on which publicly owned enterprises were built entered the privatisation process, the former owners getting shares. But as most of the enterprises were closed or bankrupt, the share-holders based on land property as well as those who had purchased shares, were all robbed of their property.

Organised construction of new residence has considerably diminished, partly due to lack of private developers able to organise building of more than one or two houses, and partly because of the disorderly real estate market, cadastre and public records. Building is organised mainly by private investors who built their own family houses in the suburbs, or high rise multifamily houses in central parts.

Illegal construction has continued, because the enlarged real estate market, demand for dwellings caused by migrations and displacements, but also because of speculative reasons. A consistent policy to resolve the ever increasing problem of illegal building has not been envisaged yet, and it is one of the most important issues of sustainable urban development, because of the economic, environmental and social implications. Apparently in Albania there are efforts to solve this problem, on the basis of the new planning law, endorsed by a special police force, and some results have been reached. It is particularly important in a country where 70% of residences are estimated to be illegal.

Another important issue is social housing and non-profit housing. This type of housing is intended to solve problems of poor and unprivileged, but also, in the form of non-profit housing, of young families who cannot afford the bank loans burdened the rather heavy interests. Preparations to start non-profit housing have started in Croatia and Bosnia Herzegovina. Land acquisition and infrastructure problems are already envisaged. In Albania the National Housing Agency is in charge of social housing, and so are some NGOs.

Rehabilitation of existing housing, particularly in historic cores and other valuable traditional parts of cities is an important issue too. A number of rehabilitation plans and programs for historic cores have been started, mostly without success, because they were not policy oriented. But rehabilitation of residences was seldom the subject of these plans. While rehabilitation of historic building is more expensive and complicated than new construction, it is also increasing the value of the entire core, as a public domain. Therefore a consistent policy of rehabilitation of old residential parts is necessary, both for the solution of the housing problem and for the salvation of these valuable parts.

## **2.5. Urban Transport**

Adequate transportation networks and organisation are decisive elements of urban and regional development. In fact, functional regional organisation and decentralisation of activities are dependant on the capacity of the road network to secure adequate mobility to users. To go back to history once again, important medieval cities developed on main roads or on river or seaports. The main national or international transportation corridors



are also the principal development axes in the national development plans for Slovenia, Croatia and Bosnia Herzegovina. The importance of international routes for the national and regional territory development is particularly stressed.

The traditional cities were not planned for car traffic, and the increasing number of cars is creating serious traffic and parking problems. Except for the capital cities there are no public garages, and the streets are crammed with cars. The problem is increased by the additional mobility caused by a number of miniature enterprises, combined with the converting of residential into business space.

The zones built from the sixties till the eighties have wide streets, but the parking spaces are scarce, as the increasing of the motorization rate was underestimated. As a rule when new zones were built parking lots were not completed.

Public transport in the cities is the preferred solution both in urban and transport plans, but its real position naturally depends on the development and the quality of networks. Only few cities (mainly the capitals and regional centres) have reached a satisfactory level of public transport organisation. In cities where the public transport was already developed, the public transport companies are owned by the municipalities, and they cover the urban region too. Long distance transport companies are mainly privately owned. Private entrepreneurs take part in the urban area transport too, particularly in those cities that had no public transport at all or it was undeveloped. The private cars are increasing their share in transportation. The rate of motorization is increasing in the transition countries, owing to the liberalisation of import and to the favourable bank loans. In fact the bank loans for the purchase of cars are at lower interests and better conditions than the loans for acquiring houses or apartments.

In smaller cities and in towns pedestrian traffic is still important, and the combination of pedestrian and public transportation is the only possible solution for historic cores and traditional city centres. In fact many cities have already large pedestrian zones, which are well accepted by citizens, but difficult to control. As traffic cannot be completely excluded (because of fireman cars, ambulances etc.), the issue is the enforcement of the municipal decisions owing to lack of efficient control.

## **2.6. Urban environment**

Urban concentration and development had severe negative impacts on the environment. It is particularly true for the coastal zones. As Croatia has the longest coastline, and the greatest coast zone, here the environmental issues are most pronounced. On the coast the most endangered parts are the landscape and the sea. The landscape is influenced by all kinds of buildings, dwellings, secondary homes, tourist resorts and particularly industrial buildings and quarries. Further, the natural landscape is threatened by Forrest fires and logging. But the man made landscape is endangered even more, because the traditional agriculture is disappearing, together with the vineyards and olive grows on terraces, that were so characteristic and valuable for the coastal landscape. The sea is endangered by city and industry wastewater outlets, mostly without any previous treatment. Lately numerous sailing ports and marinas that are built indiscriminately and even illegally in bays and coves threat the sea and the marine biodiversity too.

Population and industrial plants are concentrated on a narrow coastal strip, which is densely built and inhabited, while the hinterland and the islands are more and more depopulated. Industrial development has left numerous industrial plants (some of them

now abandoned), quarries and infrastructure objects. Extensive tourist resorts and big hotels were sometimes also built without regard of the environment. Valuable land resources, in arable land and forests, were lost. Disregard of the environment has been constant, although Croatia accepted the principles of environment protection since 1972. But once again, it was accepted only in documents and not implemented. Even the Plitvice lakes, enlisted by the UNESCO as world natural heritage are endangered by the liquid wastes from the nearby villages and from hotels.

At the end of the eighties the public awareness for environmental issues had increased dramatically, owing to foreign influence and to negative personal experiences. A number of NGO's appeared, some of which are still active, like the "Green Action". Lately the NIMBY syndrome is very expanded, this time owing to lack of adequate information and education on environment protection and biodiversity. So the negative effect of these actions, which most frequently prevent adequate solutions of solid and liquid waste disposals, can finally be ascribed to the undeveloped participation process.

In the nineties there is on one hand increased public awareness and concern for environmental issues, but on the other ineffective environment protection. Although the protection of environment is included in a number of laws, it is seldom implemented, due to lack of enforcement and control. The idealistic laws are out of tune with transition economy and distribution of power. So the occupation of the coast is proceeding even faster, careless of the planning strategy, and mostly endorsed by local politicians.

Most municipalities have not prepared the local Agenda 21 yet, though it is obligatory. Agendas 21 are under preparation in counties, but they are often very extensive documents burdened with detailed analyses, and lacking specific policies. The fragmentation of local territorial organisation (great number of small and economically unsustainable municipalities) is a serious obstacle to the solutions of environmental issues. Those municipalities are not capable to finance their own projects for water supply, waste disposal etc, and the administrative division makes coordination difficult. There is some co-ordination between big cities and their agglomeration, like in Split, where a complex water supply and liquid waste disposal project is in course, financed by four municipalities and by the World Bank and the European bank.

A specific and very severe threat to the environment is the land mines in Croatia and Bosnia Herzegovina. The problem is very difficult to solve, because of its technical and financial implications. A number of local and international NGOs help solving this problem, but it is a costly and long-term operation, where international help is needed. Waste extents of arable land and forests cannot be used because of mine-danger.

Albania has also encountered serious environment damages due to the transition. Privatisation of land and free migrations caused urban concentration and illegal building even in the most valuable and sensitive areas. Although laws contain environment protection rules, they are not implemented. The most endangered are the green areas in and around city areas, but also water. As the main water source are ground waters, illegal building and outlets pollute the water. The water supplies are not sufficient to satisfy the needs, especially in the summer.

Urban wastes are another unsolved problem, as the management consists only in collecting and transporting solid wastes to the dumps. There are no treatments or separation of hazardous wastes, there is no effective compacting nor drainage. As the landfills are frequently situated near watercourses water pollution is a serious health

risk. Some technical and financial projects for the management of major cities' landfills are under preparation.

Industrial pollution is caused mainly by mines and mine smelters, but also by industrial plants, and some of them are in the coastal area, near Durres and Vlora. In Vlora there is a serious contamination of ground with mercury, and in Durres with chromium compounds.

However, serious health problems because of environmental pollution were not noticed.

### **3. Town management**

#### **3.1. Institutional framework**

Management is intended as a continuous activity of planning, directing, control and evaluation in a frame of a comprehensive system of rules. Legislation, institutions and functioning are constitutive parts of management.

The first communal organisation in former Yugoslavia was constituted in 1955, and it was partly the result of the political and ideological separation from the Soviet Union after 1948. This first attempt of decentralisation had already technically advanced solutions, like the executive councils, aimed to make decision making more operational and decisions implemented. But all the communes were of the same type and same structure and power. Zagreb or Belgrade, and the smallest commune of Lastovo had the same structure of functions and decisional power. Although decentralisation was declared to be the goal of the communal organisation, the political power was in the hands of the ruling party, and the party was responsible for the first negative selection of the communal administrative staff. This negative selection has remained one of the main issues of communal but also state functioning. As M. Weber said a long time ago "once installed, the bureaucracy is unbreakable." Communal self-government had some positive implications, like the important self-management actions, supported by additional tax voted in a communal referendum. These actions were organised to finance building of infrastructure or public buildings, like schools, hospitals etc.

After 1990 flexible solutions were introduced in Croatia, Slovenia and in Albania, while in Bosnia Herzegovina the solutions are somewhat specific. Communes and municipalities exist in Croatia, Slovenia and Albania, the difference between the two being that communes do not have urban areas included, while municipalities consist of a town or a city and villages. The second level in Croatia are the counties, in Bosnia Herzegovina (but only in the Croat-Bosniac federation) the cantons, and in Albania the regions. Slovenia has no second level.

1. The constitutions of the four countries guarantee the right to local self-management. In **Croatia** it encompasses the right to decide on all issues concerning planning and space management, housing, communal infrastructure and services, welfare, child-care, culture, sport and environment protection.

By the Law on local government and self-government communes and municipalities are entitled to enable social, economic, communal and other activities, enable physical planning and space management; to take care of settlements, housing, communal services and infrastructure, children care and education, public health,

social care, culture, sport and recreation; to manage communal or municipal property. The councils are directly elected, and the major is appointed by the council. The law enables communes and municipalities to co-operate in order to upgrade economic and social conditions in their territories, all elements of co-ordination to be stated by mutual agreement. This possibility is seldom used, and remains more a goal than an effective possibility. The upper level control, both of counties and of the state is strong, with rights to supervise, approve, issue etc, which are not only constraints to the local self-government, but dysfunctional for the whole system of public management. For example, building permits are issued by the counties, and the building control (inspectorate) belongs to state. This division of competencies create big problems, and helps illegal housing.

Municipalities are obliged to provide social housing for two categories, the unprivileged, and the victims of war. For the victims of war the responsibility is shared between the municipalities and the state.

In spite of the flexible solutions and a two level organisation Croatia remains a centralised country. The competencies of the communes and municipalities are equal, and their financial possibilities small, owing to restricted revenues. In fact the greatest part of taxes and other revenues is in the hands of the state. Now the Law on local government and self-government is being changed, and some competencies as education, elementary health care etc. are transferred to the municipalities and communes, but without additional financing.

Land ownership control is an outstanding issue. The municipalities are forced to acquire land for public uses at prohibitive market prices. Virtually, the investors should pay a communal levy before starting construction, and this levy should be used for building infrastructure for the settlement or neighbourhood. But there are two problems here, the first is that the building is scattered and there is no possibility to collect the levy for a functional zone, and the second are the illegal builders, who do not pay at all. There is a controversy between the law, which implies an organised building, and the land ownership, which prevents it.

Urban transport management is the responsibility of the municipality, and the environmental services too, but there are solutions when municipalities and communes share communal services, and urban transport.

2. The main characteristics of the territorial organisation in **Bosnia Herzegovina** are the domination of the national factor. Therefore, the territorial organisation is not based on functional criteria. The Croat Bosniac federation is organised in cantons, and each canton has legislative and executive powers, so in the whole country there are 13 legislative authorities and around 200 ministries. Republika Srpska does not have cantons.

In the federation the responsibilities of the cantons are housing policy, policy of public services and regulation of land use. The municipalities are responsible of local self-government, infrastructure and public transport, management of the municipal property, conducting tax policies and providing financing of functions, communal services.

In the Republika Srpska the municipalities have part of canton and the municipal responsibilities. Urban planning is regulated by canton law in the federation and the law of Republika Srpska. The cadastres are in the municipalities, and municipalities issue building permits. Municipalities also exercise land ownership control, while the transport and infrastructure management are responsibilities of the cantons and Republika Srpska.

3. **Slovenia** has a single level territorial organisation. There are 11 municipalities and 181 communes. The mayor and the council are directly elected. The second administrative level consists of the former (larger) municipalities (upravne enote), which have only administrative functions. It is judged that the territorial organisation has improved decision-making and transparency of governance, effectiveness of administration and participation. Participation is more effective in policy formulation than in implementation. Local financing is growing as a result of decentralisation.

Cities are very important in the state economy, Ljubljana with its region generates 34% of the GDP. Municipalities have launched focal points for providing assistance to entrepreneurs. Public private partnership is envisaged as a mean to reduce high costs of services.

Urban planning is the responsibility of the commune or municipality. Some incremental measures were introduced in order to avoid the complicated and expensive adoption of plans. There is no complex buildings of zones any more, there is a demand for upgrading illegal building and degraded urban areas too. Planning has changed from zoning to more flexible and open structures and mixed uses. Administrative inflexibility and incapability is partly the cause of illegal building, the environmental control is weak and cadastre and land registers are out of date.

The housing system is market oriented, publicly rented residences were privatised, but the institute of protected tenancy exists in social and non-profit sector. Official and hidden homelessness are noted.

Municipalities supervise land use by plans, but cannot control land speculation. Institution of a real estate market is necessary, as well as an effective tax system for preventing land speculation.

4. The **Albanian** constitution proclaims the local government as the basis of the decentralisation of power according to the principle of local autonomy. Communes and municipalities are the basic level and regions the second level of local autonomy. Majors and councils are directly elected, while heads of departments are recruited by competition, but the recruiting is highly politicised. Law enables municipalities to resume responsibilities for infrastructure, social and cultural functions and local economic development. The functions shared with regions are childcare, education, priority health services, social welfare, public order and environment protection. There are also delegated functions, when the central government authorise the municipalities to perform certain functions and provides financing.

Decentralisation is accepted as a goal, but due to the very weak legal and institutional framework, lack of capacity and accountability it is not functioning.

### 3.2. Financing

1. In Croatia municipality revenues come from central government transfers, shared taxes, property tax on second homes, tax on transactions of real estate, and utility compensations. Financing is insufficient, except for big cities. Small municipalities' and communes' development is totally dependant on governmental financing. Budget financing from ministries is more important than local revenues, therefore these local communities are dependant of the central government. Local property tax, which could be the most important revenue of local communities has not been introduced. Municipalities can borrow money, but the maximum amount is by law.
2. In Bosnia Herzegovina 12% of the turnover taxes is transferred to the municipalities. Financial sources are also utility compensations and local taxes. Municipalities in

the federation cannot borrow money, but may have revenues from concessions. Some municipalities try to launch public-private projects in order to attract investments. The utility services are financed by utility compensations, some municipalities try to forge a private-public partnership in infrastructure management.

3. The financing sources in Slovenia are transfers from government, own sources and local taxes. The previous local functions of large municipalities were transferred to the state, and local administration has no capacity nor experience to be independent and self-sufficient. Local funds are insufficient, the same as in other countries.
4. The principle that the national fiscal policy shall guarantee the fiscal self-sufficiency of local government is proclaimed in Albania. Local governments are financed with local taxes and fees, funds transferred from central government and funds from shared national taxes. Local revenues are property and property transaction taxes, local taxes on business activities, and local taxes on income. Utility compensations and compensation for services, fees on use of public property, fees on permits and authorisation are also local revenues. The government shares with municipalities income tax and profit tax. When the government transfers competencies to the municipalities it also transfers part of the budget. Albanian Development fund collects money from international assistance.

### **3.3. Decentralisation effects**

Slovenia, Croatia and Albania have signed the European chart of local autonomy. Moreover, decentralisation is highly valued by citizens.

The federal republics of former Yugoslavia had a high level of autonomy, the only functions in common were the Army, foreign affairs and the central bank. But as mentioned before, the one party rule secured a high level of control over those autonomies, and the unification of the legal and institutional framework. The communal system, started in 1955 has undergone a number of reforms and changes, but in the seventies large and economically self-sufficient municipalities were formed. The control of municipalities over planning and land ownership was almost complete. The law enabled the municipalities to nationalise all buildable land, in other words, buildable land could not be private property.

In the eighties another kind of decentralisation was endeavoured, and it was a social experiment. Decision-making was conferred to self-management communities, formed by delegates of publicly owned enterprises and delegates of providers of services. These communities were constituted on local and national levels. The idea was to secure a direct exchange of financing (from enterprises) and services (from educational, health, culture, sport etc organisations). The system proved to be very complicated and ineffective, producing mainly agreements and rules. In planning it produced further reduction of control and increasing of arbitrary decisions.

With the constitution of new states after 1990 the tendencies were towards centralisation in Croatia and in Slovenia, while Bosnia and Herzegovina after 1995 adopted the before mentioned asymmetrical territorial organisation. Albania changed the political and economic system, but the state did not change, and decentralisation started, but the shortcomings are the same in all the states, namely institutional and legislative weaknesses.

In Croatia the regional level was substituted by counties, which do not correspond to the historic and functional regions, and are more administrative units than self-government units (by law they have both functions). Croatian communes and municipalities are very small and not self-sufficient, therefore they are dependant on the central government. Capacity building and self-sufficient local financing are the main issues of decentralisation. Solving of the local financing problem could be helped by public-private projects, and some cities try to launch such projects.

The issue in BH is disintegration rather than decentralisation. Republika srpska is more centralised, but the cantons in the federation are based on ethnical bases, and are centralised in relation to municipalities.

Slovenia has not the regional level of local autonomy, and the fact is considered to be an obstacle in the process of EU integration. The decentralisation process has not been completed yet, because of insufficient funds and unprofessional and inexperienced administration. But it is judged that decentralisation improves the local decision-making and the responsibilities of municipal departments. The transparency and accountability of administration has also improved. Public-private co-ordination and civil society are also developing quickly. A satisfactory level of local participation is ensured.

Albania has proclaimed decentralisation in the 1998. Constitution, but the influence of the central government is still very strong. Physical plans after adoption at the local level have to be approved by the national council of territorial adjustment. Limited human, financial and institutional resources are preventing more effective decentralisation, but decentralisation is judged to be the necessary condition for establishing city management based on local needs and resources and ensuring transparency and accountability, as well as public participation. The reform of local government financing is due before 2003, in order to finance the enlarged responsibilities

The common principle for decentralisation should be that nothing that can be solved at the lower level should go to upper levels. The countries in the subregion have not managed to achieve this goal. Both Croatia and BH have to change laws and territorial organisation. Apparently the most satisfactory level of decentralisation has been reached in Slovenia. Albania on the other hand has adopted advanced laws, but has not yet reached a satisfactory level of implementation, because of professional and financial limitations.

### **3.4. Local public services management**

Transport and public services as a rule are municipality owned and managed by the municipalities, but other combinations also occur.

As mentioned in 3.1. providing and managing these services by law are responsibilities of the municipalities. As those services were mostly founded by earlier bigger communes in ex-Yugoslavia, they are mostly owned by all the municipalities that have the right to succession of the property of the preceding commune. This is regularly the case of water supply and sewage companies and urban transportation, and sometimes of solid waste management.

In Bosnia Herzegovina the management of public transport is the responsibility of the canton, except for those municipalities that had earlier developed transport companies.

Local public services development is obstructed by the insufficient financing, but sometimes also by legislation controversies.

### **3.5. Decision making integration**

The problems of decision-making and decision-making integration or co-ordination are part of the democratisation process. In the socialist period decisions were entirely in the domain of politics, and the political decision-making is still dominant. The change is that instead of the rule of a single and unchangeable party, now the ruling party or parties can be changed by elections, but while in power the power is almost complete. The institutes of the civil society have not been developed yet, neither have forms of citizens' participation and control, aimed to secure transparency and accountability.

Vertical and horizontal integration and co-ordination in Croatia are more of political than of functional nature. Integration depends on the possibility and will of the parties to co-operate. There is a kind of vertical integration in the shape of supervision of the higher levels of government over lower levels. Urban plans have to be approved by the counties, and municipality plans by the counties and three ministries, while county physical plans are approved by the Ministries. The outcome is a long and costly procedure instead of better plans. Although the law on local government and self-government enables both integration and co-ordination, it is rarely used. As mentioned above, there is co-ordination in public services management, but it is mainly the consequence of previous solutions. Co-ordination regarding environmental and other common issues is extremely rare.

Only lately Zagreb, the Croatian capital, has started horizontal co-ordination with cities in the depressed and depopulated county of Lika. The aim of this co-ordination is to prevent the concentration of immigrants in Zagreb by investing in housing and job opportunities in Lika, and so to keep the population there. The initiative has just started, and the consequences are not known yet.

Another obstacle to effective integration is the discontinuity of decision and policies. With the change of political power there is as a rule a radical change of goals and policies and frequently personal changes also. So the adopted decisions are in function of short-term interests, while long-term development is neglected.

The difficulty to reach effective issue driven policies at the state level is caused by fragmented and sectorial organisation of too many ministries, sometimes even with overlapping responsibilities. Reaching functional integration in particular projects has proved to be a very difficult task.

Transboundary regional co-ordination is also at the start, Slovenia and Croatia are preparing a project of the Kupa valley protection and development, and Slovenia co-operates with Italy (in the development of ports of Koper and Trieste, and the cities of Gorizia and Nova Gorica). Istria County in Croatia is a member of the European regional organisation. A World Bank capacity building project for enabling direct co-ordination of municipalities and counties with European municipalities and regions is under preparation.

In Albania, in which a number of international organisations are operating, efforts are made to solve environmental problems of the region of Durrës in co-ordination of the



municipality and region, while the central government and the UNDP are raising funds for the preparation of the national Agenda 21.

### **3.6. Urban strategies and citizens participation**

At the beginning of the transition period strategies and strategic planning were considered to be just renamed socialist state planning, and therefore not necessary in a market-based economy and private land ownership. On the other hand the planning system neglects the fact that private land ownership and market economy demand different methods and planning instruments than nationalised land and publicly owned enterprises. The planning methods are still following the cause-effect path and are idealistic, because of neglecting the ever changing conditions. Cities particularly need a synergy of private and public actions in order to achieve economic and urban development. Therefore a transparent and consensus oriented decision-making process is necessary, as well as a clear delimitation of actors' roles and clear rules for the procedures.

Public participation is legally obligatory for the adoption of plans, but given the to technical modes of presentation, public hearings usually attract only the direct land owners. In order to secure effective participation, procedures have to be changed and so are the existing forms of communication and consultation of the participants. Now the form of communicating plan proposal is generally graphic and triumphalistic, based on normative codes and oriented towards convincing the audience instead of informing on the objectives and existing obstacles. In transition countries particularly a transparent form of decision-making and consensus building are necessary in order to change the already mentioned negative contextual reaction, i.e. the distrust caused by the distortion effects of privatisation.

The first condition for ensuring strategic planning is human capacity building for planning and implementation in market economy conditions, and the second is citizens' participation, based on education and public awareness. Citizens' participation is elementary for the issue driven or problem-solving planning approach, in the situation when fast and often unpredictable changes caused by transition prevent rational analysis and future development projections.

Changed circumstances demand different economic, cultural and other activities, which can ensure urban development. A number of European cities have found new chances for development in cultural activities, to mention only Bilbao, Edinburgh and Glasgow. Economic activities have also changed, communications and computer industries are location indifferent, but environmentally sustainable, so can indiscriminately be located in cities or in the region. The main social problem at the moment in the subregion being unemployment

Communicating planning –inside communication between different sectors, outside communication towards the users– graphic and triumphalistic in general, oriented towards convincing and not informing on objectives and obstacles.

Communication in use of a transparent decisional process, including the cognitive bases and the process of construction of the plan. Consensus building substitutes normative codes and communication is the main instrument to provide feed back among planers, citizens and investors.

Planning is intended as a set of programs, guidelines, projects and policies for a spatial organisation or territory.

## **4. Conclusions and perspectives of evolution**

Trying to answer the main questions posed by the study, the following can be stated:

Urban development in this group of countries has been influenced and even determined by the industrial urbanization of the socialist period, and by the characteristics of transition. The fastest growing cities in terms of population and space growth were the big and middle size cities. In the socialist period, especially till the end of the seventies, cities grew in terms of population and space, while in the last decade population growth has slowed down considerably, but the growth in space continues, mainly in the form of urban sprawl and illegal building.

There are considerable differences in the character and in the overall effects of the urban development among the countries, and the differences depend on the level of development achieved in the socialist period and on the specific modes of transition. Existing economic and financial possibilities, but also the development of institutional and legal framework have substantially influenced the capacity of cities to develop self-governance and self-management. But local activity and actions are necessary too in order to secure more autonomy and find the appropriate solutions in development and management. At the present moment these actions are missing, and given the centralisation of states and the long lasting negative selection of professionals, solving management and governance issues in cities will probably be a long process including changing the decision-making process, capacity building and enlarging public participation.

It is necessary to point out the specific case of Bosnia Herzegovina, where the institutions of government are not in full function yet, and the war has had severe consequences on population, economy, and environment, and where special efforts will be needed to start sustainable development.

The product of socialist ideology was a construction of a new reality. This construction of reality was based on one hand on reduction of the variety of real processes and problems, and on the other on postponing the solutions of problems for future projections. The product of reduction was a split of a complex reality in two parts, because all the aspects that did not fit in the constructed reality were socially unrecognised and therefore produced a parallel chaotic uncontrolled reality. Illegal building and grey economy in former Yugoslavia had a long history in socialism, before the transition arrived. Socialism was particularly fond of the cause-effect paradigm and of modern functionalism, so the development of cities was based on linear economic growth and functional zoning. Though the countries had a dynamic economic growth, they could not satisfy the need for residences, neither could they secure the necessary infrastructure in the fast growing cities. Moreover, development of paleo-industry and lack of infrastructure caused environmental pollution, so the end of the socialist period was characterised by demographic growth but social, economic and environmental decay of cities. Positive processes were the change of planning paradigm, rise of awareness on environmental issues, efforts towards rehabilitation of historic cores and city centres.

The transformation of modern societies can hardly be explained by the idea of continuous development. Therefore the development of cities cannot have unchangeable and long-term goals, and the future cannot prevail over the present. The multidirectional possibilities of the future of modern societies is recognised, and the direction is not necessarily towards improvement, it can be in the opposite direction, towards deterioration. The result, obviously, does not depend only on the city, but the capability and potential of the city can influence the course of future events not only in the city, but in the society itself, given the leading role of cities in social development.

The development in reverse is also possible, but it has always been interpreted as a deviation or illness. In the post-modern approach this course is considered to be an alternative model of social transformation and development, meaning the new traditionalism of environmentalism, different life styles, alternative cultures etc.

Although the declared goal of socialism was radical modernisation, the role of cities in modernisation and development was not recognised, and the city, as an individual, was submitted to the state collectivity. The paradox of the situation was that cities grew in population and surface, but lost complexity and importance. Transition did not bring a substantial change, the first goal of transition in this subregion was the constitution of national states (except for Albania), and the local autonomy was regarded as an effort against the national interest. Centralisation was particularly stressed in Croatia, but it is an issue in Slovenia and Albania too, and even in Bosnia Herzegovina in spite of the particular territorial organisation of the country.

Privatisation has so far been the dominant feature of transition, while the other two parts of the transition triangle, democratisation and modernisation have had minor influence. Privatisation has a strong impact on the social and economic situation, but land privatisation has a decisive and mostly negative influence on urbanization, planning and management of cities.

The main objectives of privatisation were: a) introduce private market economy, b) increase the effectiveness of economy, c) increase state revenues, d) introduce democracy and guarantee human rights.

Theoretically transition should be the passage from an unstable and ineffective system to a more stable and more effective system. But in effect many distortion effects, like grey economy, illegal building, corruption, unemployment etc. appeared because of legal and institutional inadequacy, but also because of cultural inertia characterised by a high level of opportunism, i.e. tolerance of law breaking. Neutralisation of distortion and development of institutional framework are considered to be the most important objectives of the next phase of transition in the east and south European countries.

Negative effects of privatisation are strengthened by the lack of social capital. Social capital acts in a system of informal institutions - including co-ordination, reliance, acceptance of rules. Lack of social capital has obviously negative impact on economic development, and therefore causes economic losses. Lack of social capital is common in transition countries, it is caused by cultural inertia (incapability for change) and contextual reactions (as a result of negative experiences with corruption etc). Compared to the other countries of the group in terms of social capital, Slovenia has attained a considerably higher degree of development.

On the other hand, acceptance of political and economic pluralism, cultural liberalism, and high educational aspirations are encouraging indicators of the strengthening of

social capital. The growth of social capital is integral part of economic growth. Openness and independence of media, capability and competence of public services, transparency of decision-making and individual responsibility are important for both. One of important characteristics of transition is the diminished level of co-ordination and mutual trust, because of the new opportunities for unco-operativeness and the disrespect for public interest, which also influence the actual urban situation.

Max Weber defined the ideal type of European city as self-governed, with autonomous administration, judiciary, economy and market. This ideal type is based on the medieval state-city. Since the constitution of first nation - states there have been continuous attempts to reduce cities' autonomy. On the contrary, the contemporary integrative processes are based not only on globalisation, but also on individualism and diversity, and cities are developing new forms of autonomy, inside an overall modernisation process.

Globalisation is a common challenge in the development of modern societies, influencing not only economy, but social and cultural development also. Globalisation often produces forms of social and economic marginalisation in cities, but marginalisation of cities also. Marginalisation occurs in most of the transition countries because of the withdrawal of the state from redistribution of resources but also because of the crisis of the traditional economy and institutions, environment and settlement patterns. Transition countries are particularly vulnerable, because of the tendency to accept foreign investors indiscriminately, in the effort to alleviate unemployment problems. Answers to the challenges of globalisation are possible on the basis of different territorial contexts and adopted policies. Accessibility, communications, advanced technologies and education are main conditions of modernisation, and an effective answer to globalisation.

As Jacques Derrida points out in *L'autre cap*, "Europe has a leading role in the transformation of all societies towards the market economy and liberal parliamentary democracy, but the European way is opened towards all possibilities, the crisis can not be solved in a completed and static world. Identity is based on the individual and personality and the relationship of particular personalities with others, relationship of singular and universal. The Mediterranean has been the machine for production of civilisation, where spiritual liberty, trade and culture were indivisibly connected and produced material and immaterial goods, cities, paintings and books, but also people able to use them and go forward making new goods. Production and consumption belong both to the spiritual and to the material world. The tasks of the modern mind are to be open, critical, tolerant, responsible, logical and historical."

While the above paragraph can be qualified as a theoretical approach, there is also the practical need to integrate the singular and the universal. Only the solutions based on and adapted to specific circumstances are implementable, while generic solutions have most frequently proved to be inadequate.

Knowledge of actors and their interests is unavoidable in order to make an effective plan. In urban planning the first step should be the identification of the public interest –the identity of the city– The second should be identifying the important particular actors. Given the specific character of transition it is necessary to determine the identities and roles of these actors, on the bases of investigations, because of the lack of relevant knowledge, and because this knowledge is of utmost importance for planning connected with stakeholders roles and interests (For example developers are a very

important category, which until now has had a minor role in the organisation of building. Why is it so, will their role increase, or will the building be still fragmented is of utmost importance for planning and plan implementation). On the other hand investigations are necessary in order to be able to respond to different and often unexpected demands, given that the municipal administration has to answer to those demands at least on the basis of protection of public interest. Here at the first place we face the problem of the conflict between the development and the protection functions of the city. At the moment, the protection function is privileged institutionally, while in the absence of a city manager the development function is fragmented among private developers and entrepreneurs. As a result, the developing function is not articulated, and that causes public losses on one hand, and private gains based on the power of individuals and groups to enforce their particular interests.

The actors of development are local and non-local. The state can act in both frames. The knowledge of actors is necessary in order to be able to foresee the social transformations, without that knowledge it is in the domain of utopia. The state and the municipality have the power and organisation necessary for transformation. They act as supervisors and as entrepreneurs in the same time, situation in the same time conflictual and powerful. In fact planning and urbanization in their legal aspect are almost determined by these actors. Other actors are therefore almost forced to find particular, often illegal modes of influencing decision-making, or acting as illegal builders and entrepreneurs. Illegal entrepreneurs are incited by the actual law according to which it is possible to obtain the working permit without a building permit.

Efficient public participation in decision-making is a key issue of sustainable urban development. Participation is mainly formal and inefficient, primarily because of the deficiencies of the information system. The information system is sectorial, and the communications and co-ordination of sectors unsatisfactory, while the existing information usually are not presented in a way which is understandable to the public.

Communication is public when its subject is the public interest. The public should participate in the articulation of the public interest. This is particularly necessary in the domain of urban planning and management, where the protection of public interest is the main goal of planning. The public interest is declared in the documents, but it is neither protected nor implemented. Private interests of particular groups prevail, because they are more articulated and organised, and because of the functioning of the political system, where there is no real responsibility for the decision taken and where the politicians are influenced by interest groups more than by the public.

One of the problems of liberal democracy is the need for participation in increasingly complicated situation of the lack of technical and legal competence. It is of utmost importance to make decision making more transparent presenting issues concerning stakeholders in simple and clear terms in formulating alternatives and proposing solutions.

In the effort to attain the goal of sustainable development of cities changes in the following fields are necessary:

i. Legal and institutional framework:

- strengthening the processes of decentralisation and applying the principle of subsidiary authority,
- strengthening self governance of cities, securing financial independence, institutional capacity building and self governance,
- securing adequate legislative basis to match with privatisation and market economy, protection of public interest
- financial and fiscal measures to prevent land speculation and secure land ownership control,
- changing planning law in order to make it realistic and implementable,
- particularly important is the enforcement of laws and other rules,

ii. Capacity building for effective policy making and management in cities,

- capacity building for the enlargement of the decision making process, especially referring to the reducing of power of political parties,
- making policies on the bases of acceptable objectives and translate those policies into projects,
- enabling the development of local and non mass production,
- building records of available resources,
- introducing mixed forms of public - private financing,
- governing the main direction of social and economic development,
- strengthening of the capacity and role of NGO-s and other civil society actors,

iii. Development of the participation process,

- definition of actors or stakeholders,
- process of information and communication with stakeholders,
- education for raising public participation level,
- formulating and adopting strict rules for the decision making process,
- including marginal and deprived groups in the decision making process.

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