

## FORMING THE NATIONAL TEAM OF SERBIA

*Despite a late start, are we witnessing entrance of the Serbian municipalities into the regional competition for attracting investments?*

*And how difficult that is, having in mind that Serbia lost 115 thousand jobs since 2005 in the corporate sector, mostly in socially owned enterprises, while the government's attention was focused on issues other than economic development?*

### August 2006...

**Loznica.** Mrs. Ljiljana Nikolic was recently appointed as a municipal council member responsible for the performance of the local economic development office (LEDO), which was just formed under guidance and coaching of the USAID-funded Municipal Economic Growth Activity program. She won a prize in a competition called "Invest in Serbia". No one believes that the municipality of Loznica is among the three winners of this competition. Have the Loznica leaders finally realized that *know how* in the area of local economic development is their way out?

**Kragujevac.** Members of the LED office in the city of Kragujevac were not that lucky as their colleagues from Loznica. They cannot but to accept defeat. They lack support from the city leaders and coworkers from other departments. They have an opportunity to get intensive and targeted technical assistance through MEGA, learning methods combined with practical examples from the CEE countries and the US. Is that going to make Kragujevac more competitive among the local governments?

**Indjija.** The municipality of Indjija is well known by its efficient administration and many innovations. The municipal LED team was very certain of having the ability to win competitions like the Invest in Serbia one. The taste of victory is not something new for the municipal team and the award came as no surprise. But, is the taste different if they know that the unemployment rate back home in the municipality is more than 40%?

### ...September 2008

Since 2006, these three municipalities developed LED strategic plans, LEDO employees successfully completed the MEGA training cycle, developed new marketing and promotional materials, land inventory databases, and overall capacities to effectively present business opportunities of their communities. Loznica established a business improvement district, Indjija opened an educational center for the unemployed and improved municipal management systems, while Kragujevac developed a business innovation center. All three attended investment fairs, numerous conferences and forums to advance the importance of economic development at the local level and promote investment opportunities. They improved the performance of citizen assistance centers, included the private sector in the LED processes, and learned advanced debt management techniques. By far the most important was the change in their mind set and the willingness to understand the problems and interests of businesses.

On September 30, 2008, Loznica, Kragujevac and Indjija received the first Certificates for Business Friendly Municipalities/Cities in Serbia. The certificates are a guarantee that any small or large business can count on a sound quality of services, accurate information and predictable start up costs in these municipalities. More importantly, the certificate promotes a sense of partnership and accountability of the municipal administration towards businesses.

This was big news that day in Serbia. More than fifteen media reported from this event directly.

Mrs. Nikolic is among those who know exactly what it took to have Loznica meet these high standards. This city faced transitional challenges and managed to modernize the administration. Over the past two years, more than 20 companies expressed interest to locate in the industrial zones Sepak and Lagator, both under development. The city's administration became one of the showcases for best practices in Serbia.

The City of Kragujevac struggled for many years. It is known as one of the biggest transition losers in Serbia, burdened with numerous social and economic challenges. By chance, the City of Kragujevac, the Government of Serbia and the FIAT car factory signed only a day before the certificate awarding ceremony an agreement that will bring EUR 700 million of investments in automotive industry in the next two years, and open many other opportunities for local suppliers in Kragujevac.

By getting the certificate, Indjija confirmed its strong position among those local governments that created a business friendly environment. The certificate is yet another reward recognizing Indjija's good governance and determination to represent Serbia and compete with other attractive investment destinations in Europe. The official statistics for 2007, after many years, finally show an increase in the employment rate of 17.7%. The LED office reports that EUR 306 million of direct investments can be expected in the next couple of years, based on signed agreements with investors.

Kragujevac, Indjija and Loznica are among those local governments that are looking to the business environment as an opportunity, and are ready to work above and beyond the minimum of local government's responsibilities. Many municipalities in Serbia took the same path, expressing their wish to compete with others in the country and in the region and we hope that the certification will continue to motivate them. The National Team of Serbia is being formed!