

Op-ed by Principal Deputy High Representative Donald Hays: “How They Succeeded in Gracanica”

20 June 2004

In the past year I have traveled across Bosnia and Herzegovina to meet with – and most importantly to listen to – mayors. I have done this because I believe that a fundamental change must be undertaken by the citizens of this country – a revolutionary change that will raise living standards and put politics in its proper place at the service of the people. But it will not happen as a result of actions taken at the top of the government pyramid but within the municipalities, where the government meets the people. The most important politicians in this country are not the prime ministers; the most important politicians are the mayors.

Each mayor has a different set of challenges to face – depopulation, overcrowding, industrial decay, agricultural under-investment, inadequate municipal funding, crime, unhelpful party-political interference in the running of the local community – and each has come up (with significantly varying degrees of success) with different solutions to meet these challenges.

It is important for all of us to highlight the successes, so that the general public can see that there are municipalities that work and work well, and so that less successful municipalities can learn from the more successful ones.

Last month I visited Gracanica, near Tuzla . The municipality

has 53,000 inhabitants and 1,100 registered companies – it has the distinction of being the top municipality in BiH in attracting start-up funds for small and medium-sized enterprises. Mayor Nusret Helic has built a partnership with local and incoming businesspeople, cutting taxes for start-up companies and reducing the time it takes to register a business to seven days. The municipality has adopted a ‘one-stop shop’, simplifying and concentrating its bureaucracy.

In my experience, mayors who succeed are those who have a passion to make their communities better and who understand that complicated and demanding administrative work must be driven forward by a simple basic premise. The basic premise in Gracanica couldn’t be simpler – establish the conditions for companies to invest and create jobs; everything else flows from that.

Prewar companies in the municipality that have been privatized and are now operating competitively include Sirbegovic, which exports building materials to neighbouring countries, Fortuna shoe company, which employs more than 1,000 workers, Plamingo, GrafoPack and Olimp.

Significantly, GracanicaMunicipality is downsizing, from 122 staff to 70. That doesn’t mean it’s reducing its services – exactly the opposite. The municipality is doing *more* for citizens by marshalling its resources effectively. Tasks have been re-allocated and staff are more productively employed throughout the day, and administrative systems have been introduced to minimize the *process* and maximize the *product*. Citizens have access to all relevant information through radio shows, a web site, public debates and a 24-hour telephone hot line.

One of the lessons of Gracanica is that providing efficient services on a commercial basis can be more beneficial for citizens than providing free services that drain the municipality coffers. For example, the municipality,

Sirbegovic and some other companies jointly built a new sports centre, which is run by a newly-formed joint-stock company (34-percent municipality owned, 47-percent Sirbegovic owned). The centre operates at near-maximum capacity and made a profit of 20,000 KM last year.

Gracanica, like other municipalities that are succeeding, has invested in its own self-image. In the last three years the municipality has spent more than one million KM on cleaning up the river that runs through the town and restoring the riverbanks. The result is a recreational area that can be enjoyed by everyone – and a degree of civic pride that will have positive knock-on economic effects. Potential investors, for example, when they see well-kept streets and well-run civic amenities know that they are dealing with a local administration that can deliver results.

The Municipality secured assistance from regional agencies, such as the Sava River Project, for its river clean-up. It has also cooperated with neighboring municipalities on both sides of the IEBL to ride the local area of landmines.

There have been mistakes and disappointments, but Gracanica has done a lot of things right. Like a growing number of municipalities throughout the country it has taken its circumstances and made the most of them – to the benefit of its citizens. That is what putting politics in the service of the people is all about.