Article by the Principal Deputy High Representative, Donald Hays:”Making Municipalities Work – How They Succeeded in Gradacac”

Principal Deputy High Representative Donald Hays examines a distinctive BiH municipal success story

Not long ago I visited Gradacac, a small town in Tuzla Canton. Gradacac was badly damaged during the war and has had to come to terms with the human and physical costs that are a consequence of that. It is situated in a part of the country with economic potential but with few very obvious advantages. Yet, the people of Gradacac have changed their own fortunes. It is a microcosm and it may be a model for communities throughout BiH. Through the efforts of its citizens, working together with a responsive municipal administration, the town has lifted itself out of social and economic stagnation. Gradacac has a future. Other towns in BiH in similar circumstances can have a future too.

The town has a population of around 46,000 and an annual budget of 5 million KM. During the war, almost two thirds of its population fled their homes. Most have come back. The town has benefited from some foreign assistance, but it has really succeeded because of the efforts of its citizens and the local government.

When I visited, I spent a considerable amount of time discussing the city government and its management with Mayor Ferhat Mustafic and his town councillors. Much of the conversation revolved around what Gradacac is doing right.

During his first few months as mayor, Mr Mustafic announced that he would be available all day once a month for anyone to drop by and see him with complaints or suggestions. At first it was almost all complaints – now, it's almost all ideas and suggestions. Every two weeks he goes on local radio to answer questions. This is not dramatic but it is effective.

Mr Mustafic wants local people to take ownership of their environment and be proud of it. He has instituted fines for littering – and litter louts are named and shamed on the local radio station.

The mayor has adapted municipal practices from as far afield as Norway, Germany, Canada and the UK to his own municipality – hence his 'One Stop Shop'. His fellow councilors were terrified by how much this project was going over budget – but the results speak for themselves. In the past, citizens had to visit the municipality three different times if they wanted to obtain documents such as a birth, death or marriage certificates or land-registry papers – now they come once and can have their document within 10 minutes. If their wait is longer than 10 minutes they get a free coffee (and the mayor has only ever had to buy a maximum of one kilo of coffee each month, testimony, I believe, to the fact that the one-stop shop is really working!) There are cameras installed in every room of the municipal building and anyone can look on the intranet to see who is doing what at any time, including checking out what the mayor is doing.

The number of employees now working in the municipal administration matches European standards. Mr Mustafic and his staff have devised a plan for cutting costs even further by helping the support staff set up as private businesses and provide their services to the municipal administration on a contract basis. This enables them to offer their services elsewhere rather than depending on their government salaries.

The municipality has arranged for young graduates from the

local agricultural college to go on an exchange to Switzerland, where they have an opportunity to upgrade their language and technical skills. There are partnerships with France, the UK, Austria, Hungary, Germany, Egypt, Croatia, and the Ukraine. These are not simply 'twin city' arrangements but active partnerships, which sometimes result in substantial investments in the area. Mayor Mustafic is currently in discussions with a local municipality in China to fund a Chinese Centre in Gradacac

Other achievements of this municipality include:

- Construction of a potable water supply system for the entire municipality – there are two brand new water springs producing 300 litres per second of clean drinking water – a third one is being rebuilt. .
- New school.
- 45 Kilometers of new asphalt road, 70 percent of the cost covered by the municipality and 30 percent by the citizens, who raised the money themselves.
- Streetlights provided to local communities. On average 50 percent of the cost was borne by citizens.
- 700 businesses registered since the war – many of which are small agricultural businesses.

Last year, there was a major project with the neigbouring municipality in the RS to build an anti-hail device to protect crops. There was resistance to the project from local politicians, but the municipal council pressed ahead.

Employment opportunities are currently increasing by between seven and 12 percent annually. The main source of economic development is agriculture and tourism, but there are diversified and successful privatized businesses in the municipality, such as TMD Cimos, a subcontractor of the Slovenian Cimos Group, which produces, designs and develops parts for Volkswagen, Mercedes, Ford, Peugeot and Citroen, as well as metal parts for agricultural machines for the

Slovenian firm Iskra and the German company Walterscheid. TMD Cimos has an annual turnover of 10 million Euros There are approximately 400 employees in the TMD group and this number is growing at a steady pace.

The old school of Gradacac, which is one of the few remaining war damaged buildings in the area, now houses a Business Incubator, established in 1998 through a partnership with GTZ, DEZA (Swiss Development Agency), a local NBR (Independent Development Bureau), and Gradacac Municipality. Start-up businesses pay a nominal fee for rent and can stay from three to five years before they move to their own premises. By then a business can either afford to leave or has failed. There have been 36 successful businesses in four years, most notably the Thema shoe factory, which arrived at the Business Incubator with four employees and recently moved out to its own premises with 175 employees.

In September 2002 a similar incubator was opened in the local community of Tarevci, in the neighbouring RS municipality of Modrica. Four enterprises moved from the Gradacac incubator to Modrica as the owners wanted to return home.

The gym of this old school has been completely restored to house a co-operative of fruit and vegetable packaging called PMG ViP. This initiative was founded in the summer of 2003 with financial support from DEZA (Swiss Development Agency), GTZ (German Development Agency), Gradacac Municipality and the Federation Ministry of Agriculture. Total investment was 540,000 KM and the company is now supplying supermarkets across BiH including Mercator, VF Commerce, Omega, and Interex.

Gradacac has its problems, like every municipality, but I have singled it out because it is a municipality that works, and that is because the municipal authorities, the town councilors and political-party representatives work together *with* citizens; they are responsive. The municipality has succeeded

in harnessing the energy that exists in communities the length and breadth of BiH – that energy has sustained continuous and successful efforts to attract foreign and domestic investment and to upgrade the quality of life in the local community. Gradacac' recent experience demonstrates that communities in BiH *can* master the economic and social challenges they face, and put local government in the service of local people.