

Speech by Principal Deputy High Representative Donald Hays At Mayor's Conference

I am here today to talk about how you can make this country work. I am addressing you because I believe *you* are the ones who can begin to *make* it work.

You have it within your power to bring about a fundamental change in the fortunes of your fellow citizens – and from the conversations I have had with many of you I believe that you *want* to and are capable of acting on that impulse. I believe that the mayors of Bosnia and Herzegovina can and must deliver the change that other political leaders have so far failed to deliver.

Why's that? Because the towns and villages of this country are where representative government actually connects with the citizens of this country. There is no more pivotal position in public administration and in democratic politics as a whole. Corrupt and inefficient municipalities will undermine every attempt to change Bosnia and Herzegovina. While on the other hand effective and efficient municipalities will lead the effort to change this country in a fundamental way.

Some of you are in the vanguard of reform. Some of you are already turning your municipal offices into citizens' service centers. Those of you who are most effective at doing this share one characteristic – you know what needs to be done and you have created a strategy for promoting the implementation of that agenda. You have all learned something from modern corporate management – identify the product, and the client and ensure your workforce is well prepared to meet the demands placed on them. You care about citizen satisfaction, you know how to deliver the services they want, and you ensure your

civil servants deliver what is needed.

Strategically, governments in countries that have successfully moved from socialism to free-market democracy understand that they cannot do everything. You simply have to recognize that you must work toward a better balance between citizens' self reliance and government's role in meeting citizens' demands.

Your municipalities have to identify your core tasks, and concentrate on efforts to ensure the best possible delivery of those services. In BiH, each level of government, municipal, cantonal, Entity and State governments have to decide on those government services that are appropriate to them – and let the other tiers of government (or the private sector) take care of the rest.

Having selected their core tasks, governments must invest time and effort in discovering the best ways of executing them. That means achieving maximum efficiency with minimum staff.

Like successful corporations you must identify which tasks can be performed by your governments, and subcontract activities where it's more efficient and economic to do so. Just as in private business when a core task is too much for the municipality to execute effectively on its own, it must look for a partner – “coopetition” is where two competitors join forces to gain mutual advantage. They remain competitors but they help one another. So the pursuit of profit and efficiency generates a pragmatic concern with ensuring that everyone benefits.

This is exactly the kind of innovative thinking that municipalities must engage in if they are to survive.

It is clear now that if you are to improve services to the citizenry, you must must band together. Cooperation brings with it economies of scale in, for example, financing and executing infrastructure improvements such as sewage works. You must seek to recreate the regional connections that have

served BiH well in the past.

Another leaf out of the corporate book concerns staff motivation. We all know that private companies don't spend money on motivation programs just for the fun of it. They invest in these programs because as a result of such programs they acquire a competitive edge. These successful companies will do practically anything to improve service in order to increase customer satisfaction. Every satisfied customer adds to the bottom line.

Does the same apply in your municipalities? Your staff are civil servants, your customers are citizens. What are you doing to motivate your staff and satisfy your customers? Turning municipalities into citizens' service centers takes practical programs.

Making municipalities the places where citizens go to get good government is like running a competitive corporation. You need lots of fresh ideas, innovative applications, discipline, enthusiasm, hard work and constant attention to the bottom line. In your case the bottom line is delivering cost-effective services that satisfy citizens.

The ballot box is a powerful incentive to making this happen. The days when mayors were party-political placeholders will soon disappear. Mayors depend more and more on the electorate. An effective mayor is a popular mayor, and popular mayors get reelected with a mandate for action.

What are you doing to stay effective? Do you have an employee of the month – a counter clerk, for example, who consistently wins praise from citizens for efficient and courteous service? Do you give out performance-related bonuses? Do you sack incompetent officials and promote efficient ones? It is imperative that you begin to create a basic training program in customer service that will ensure satisfied customers within your municipalities.

You are the people, who must come up with practical ideas that will change the culture of municipal administration in Bosnia and Herzegovina. I say this because I believe your level of governance is going to assume a much greater role in the next wave of change in this country. You are all in direct contact with the citizens of this country every day. You know their needs and you will either succeed or fail due to your own personal efforts.

Mayors complain that the canton and Entity governments do not listen to their concerns; and they complain that there is inadequate communication between the various levels of government above – canton and entity officials are too busy or too self-important to see them; and they complain that in many cases the municipalities receive back from the canton or the Entity a disproportionately small share of the tax revenue which they helped to raise.

What are you going to do to follow up on these very legitimate complaints? How are you going to get the cantons and the Entities to change their attitudes and start serving citizens by helping you to do your job properly?

Well, your recent efforts to band together to create a voice is a start in the right direction, but you must also strengthen your position by banding together to provide key regional services, and in showing your effectiveness you can also join in taking your case to the layers of government above you. It's time the issue of over-government in Bosnia and Herzegovina was properly addressed, in a pragmatic and politically serious way. It's time you created a new compact between yourselves and the rest of BiH's bloated governmental structures.

You are the level of government providing immediate services to communities. You are the ones handling some of the most critical administrative needs for the citizens of this country. While at the same time you have to begin to face the

need to reduce overstaffing that exists at the municipal level – you must take the bull by the horns and cut unnecessary and unproductive positions throughout your local government. If you fail to do this you will continue to support inefficient government and continue to face budgetary pressures that are unsustainable.

If you are introducing innovative and effective management techniques – finding ways to make some services self-financing, finding ways to motivate civil servants, finding ways to raise the quality of the services you deliver – you will forge a common bond with your fellow citizens and create a solidarity with them. This compact will strengthen your voice with other levels of government and help ensure that you get heard.

We are all living with the enormity of the cost of government in BiH. It consumes a shocking and unsustainable 62 percent of GDP. The size of the administration can not be sustained and simply must be reduced. It falls upon you to demonstrate that the other tiers must be cut more than yours. The only way that case can be made in a democracy is by delivering better results than the others.

The Municipalities need to play their proper role in economic reform – and their proper role is a particularly large one. They need a quality work force to offer a quality product to their clients. Since their clients are the citizens of BiH, they have an impressively large customer base. That potentially provides the municipalities with significant political muscle.

One of the issues you are all faced with is the burden of unemployment and one of the ways you can address this is to invite investment – both foreign and domestic. Some mayors are already working creatively to attract investors through the active use of public lands and facilities to promote business investments. They have to find competitive ways of

highlighting the competitive attributes of their communities.

Now, I ask you to consider this. Are you aware of all the potential investment projects that exist in your municipality? Well, unless you have systematically worked your way through every industrial and commercial sector – for example through market research, or a properly funded business development office – we can safely say that you are NOT aware of every potential investment project. However, you need to be on top of this issue if you are to succeed.

With regard to those potential investment projects that you *are* aware of – how much are you doing to put companies in your municipality together with domestic or international investors? That should be one of your core tasks. If an investor – let's say from Germany, is interested in doing business in your municipality – who should he or she deal with? Do you have a German-speaking official tasked with rolling out the red carpet in the event of such interest? Do you have French-speaking, **or** Japanese-speaking or English-speaking staff? What have you done in the last year to amend municipal regulations so that potential investors will find it easy to choose your municipality? These are the sorts of questions entrepreneurs ask themselves everyday. They are the sorts of questions mayors and municipality officials should be asking themselves every day. I urge you to meet with your local businessmen, the bulldozer commissions and potential investors to better understand their needs.

Many of you are already doing exactly the things I have described above. Running your municipalities like modern competitive corporations that deliver the very best services to customers. You are the ones who are going to lead this country out of the economic doldrums. You are the ones who are going to be reelected. You are the ones who are going to make Bosnia and Herzegovina work.

Thank you