

SIEPA

Serbia Investment and Export Promotion Agency

# Cooperation with Regional Centers for Investment Facilitation

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Agencija za strana ulaganja i promociju izvoza

## About SIEPA

- Non-profit government agency under the supervision of the Ministry of Economy and Regional Development
- Established in 2001
- Main tasks of the agency are:
  - Marketing Serbia as an investment destination and sourcing hub
  - Attracting, supporting FDI projects
  - Providing support to domestic companies in internationalization
- 46 employees in 3 sectors
  - Investment promotion department
  - Export promotion department
  - Marketing and research
  - Other support



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## Foreign Direct Investment (FDI) Department

- “One stop information shop”
- Gathering economic, statistics and legal information;
- Managing relationships with other stakeholders in Serbian government;
- Organizing visits of potential local business partners for interested foreign investors;
- Carrying out detailed studies of the most important commercial sectors



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## Set the Wheels in Motion with SIEPA

**Assistance in various activities**

- Selecting suppliers
- Linking all stakeholders

**Project management**

- Financial grants administration
- Tax, legal, other assistance



**Web site**

- Conferences
- Investment seminars

**General data**

- Tax and legislation
- Sector analysis, brochures

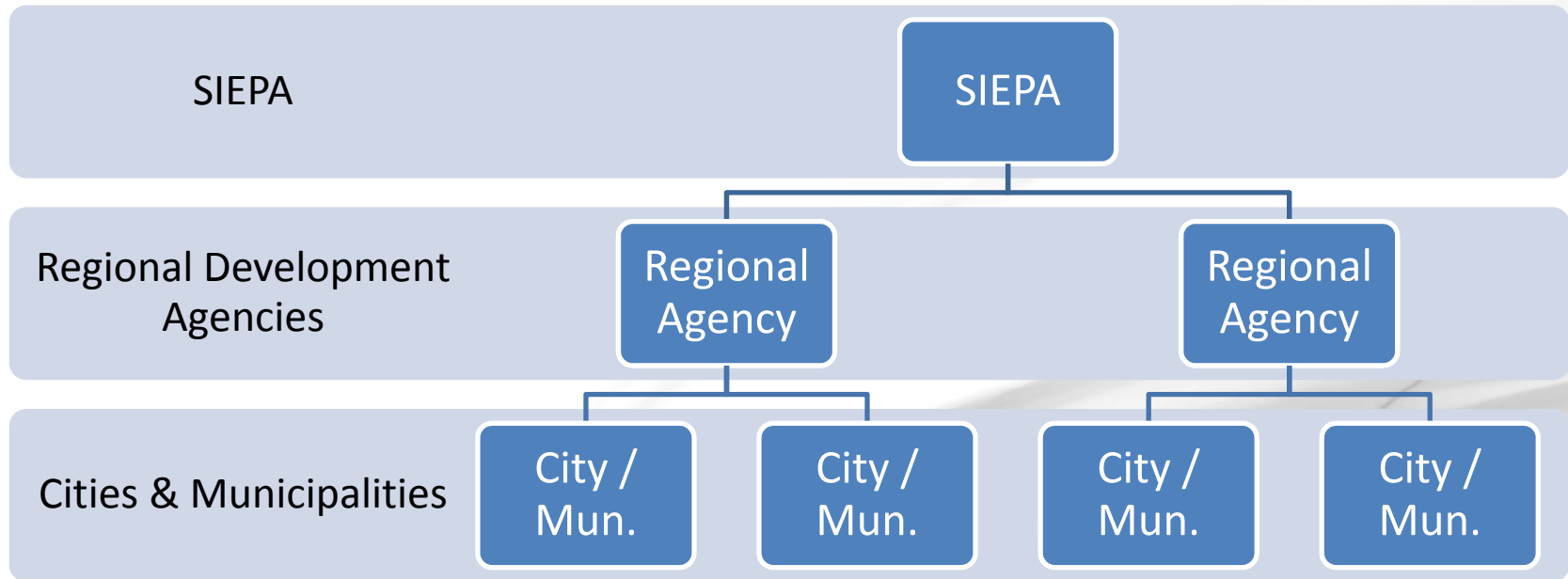
**Municipal data**

- Brownfield locations
- Greenfield locations



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## An Overview of Investment Promotion in Serbia





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## Regional Agencies

- SIEPA is the only national Agency for investment and export promotion
- Currently there are about 15 or so regional promotion agencies in Serbia
- Two have been certified so far (Leskovac, RARIS), while most are awaiting accreditation from the Ministry of Economy – this is expected in the course of 2012
- They are not under authority of SIEPA
- Founded and financed by groups of municipalities – one regional agency covers about 12-13 municipalities; supported by the ministry
- Function as highly professional with dedicated staff to investment promotion and other economic development projects.



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## Regional Agencies: How do they Cooperate with SIEPA?

- They are completely independent from SIEPA ; cooperation is a matter of goodwill
- The scope of our cooperation activities will increase – must bridge the gap between national and local level
- Participated in a number of joint activities:
  - Donor projects
  - Investment fairs
  - Foreign Missions
  - Investment projects
- Nevertheless, SIEPA's reach throughout Serbia is great. This is because things have been fluid up until now. SIEPA needed to have this kind of reach because there were no intermediate agencies.



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## **VIP – Regional Investment Promotion Agency**

- Founded in 2004 by the provincial government of the territory of Vojvodina
- VIP functions as a highly professional IPA with dedicated staff to investment promotion and all activities that are associated with investment promotions (events, fairs, etc)
- Participated together in numerous investment conferences and trade fairs; coordinated many investment projects together
- Again, SIEPA's reach into Vojvodina is also quite extensive



[www.vip.org.rs](http://www.vip.org.rs)



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## **Regional Agencies: the Positives**

- Regional agencies working within a smaller region, enabling them to form stronger partnerships and address local issues
- Building the regions capacity to attract investments is extremely important
- Can react more directly to the needs of investors
- Serbia needs all investment promotion it can get, especially when its done professionally



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## **Regional Agencies: Areas for Improvement**

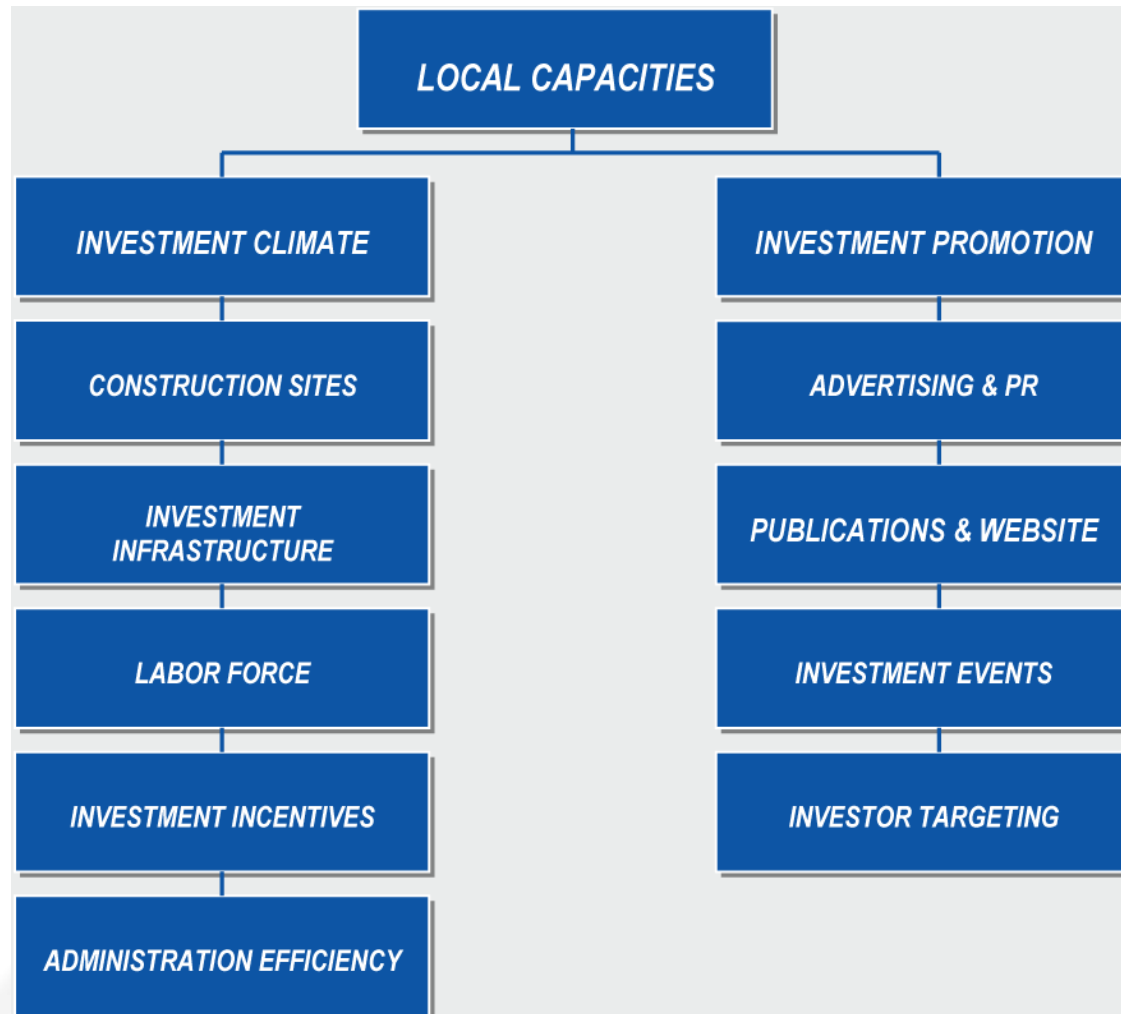
- Regional agencies might miss big picture on some issues
- Is their capacity enough to do a professional job?
- Is there a different political support between the two?
- Everyone is fighting for projects, some competition can be harmful

## Municipalities/Cities: the Key to Success “on the Ground”

- Investment projects are realized on the local level
- Every municipality has some kind of economic promotion sector (LED)
- Unavoidable administrative body
  - Construction approvals issuance
  - Infrastructural and communal services
- More importantly, the municipality must be a true partner
  - “SIEPA on the ground”: providing information and necessary contacts
  - Link to local labor force, suppliers, etc.
- The importance of the local administrative body to foreign investment projects cannot be stressed enough



## Municipalities/Cities: the Key to Success “on the Ground”



## Municipalities/Cities: How to Stand out from the Crowd

- It is possible, indeed necessary, to stand out....in a positive sense of course!
- SIEPA, international companies and other stakeholders know which local administration is 'business/investor friendly'
- Word of mouth is a very powerful force
- What it takes to stand out is self-evident:
  - Administratively efficient
  - Professional appearance and approach
  - Willingness to cooperate with other involved stakeholders
- Good examples abound in Serbia: Inđija, Pećinci are just a few of many
- International recognition: Inđija, Zrenjanin
- Conversely (and unfortunately), there are examples of poor local administration. Yes, stakeholders know about these as well!



## Municipalities/Cities: Case Study #1 – Pećinci Municipality

- Advantages:
  - Business-oriented administration
  - Large industrial zone
  - Strategic position near Belgrade
- Investors:
  - JUB (chemical industry)
  - Trimo (construction materials)
  - Strauss Adriatic (food)
  - Albon Engineering (machinery, automotive)
- New jobs: 1,500; Investment: €500M
- Average net, monthly salary and rank in Serbia (of 167)
  - 2004: €140 (118th)
  - 2008: €506 (8th)
- Nationwide phenomenon:

**More FDI → Higher Salaries**



## Municipalities/Cities: Case Study #2 – Indija Municipality

- A true pioneer in business reforms on local level
  - System 48
  - Citizen Assistance Center
  - E-government
- Investors:
  - Henkel
  - Embassy Group
  - Gruppo Martini
  - Bauerhin
  - Mercator
- International recognition: 18th most attractive location for FDI – FDI Magazine in 2008/2009





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## Building the Capacities of Municipalities

- Work of cities & municipalities is essential for SIEPA success
- Extensive cooperation between SIEPA and Serbian municipalities started in 2005
- UNDP Project: Regional Outreach
- Key accomplishments:
  - Series of investment workshops involving a large number of municipalities held in 2005/2006: Local officials received training in major FDI concepts and techniques complemented by the 'Municipality-Strategic Partner for Investors' brochure Infrastructural and communal services
  - Participation at various investment promotion and other workshops since 2005 (e.g. Serbia Investment Promotion Program, part of the FIAS, in 2007/2008)
  - The development of the SIEPA Locations Database with substantial input from most municipalities





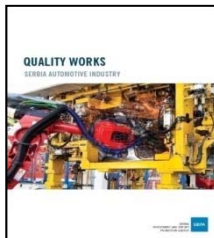
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## Building the Capacities of Municipalities

- Key accomplishments (cont'd):
  - Joint presentation at world's leading investment fairs (Real Vienna, EXPO REAL)



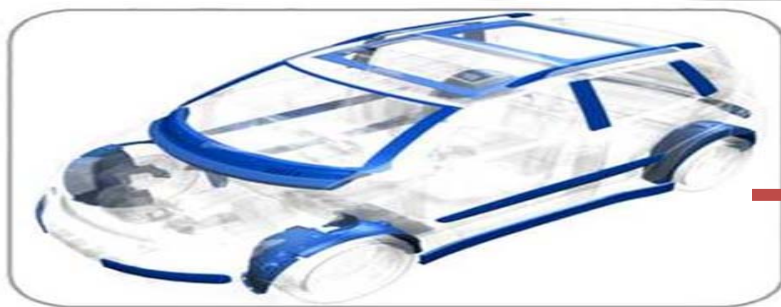
- Advisory services in the field of promotional publications preparation



- Day-to-day communication related to the implementation of SIEPA-facilitated investment projects; excellent communication

## Cooperation Case Study: Mecaplast

- Excellent example of republic – region – municipality cooperation
- Major automotive company based in Monaco; plastic parts for automobiles
- Clients include Renault, Dacia, Mercedes, FIAT, Audi, Seat, etc.
- Annual turnover of €570 million in 2009; 26 production sites on 5 continents
- Came to Serbia to work for FIAT factory in Kragujevac, but also for other suppliers in the region





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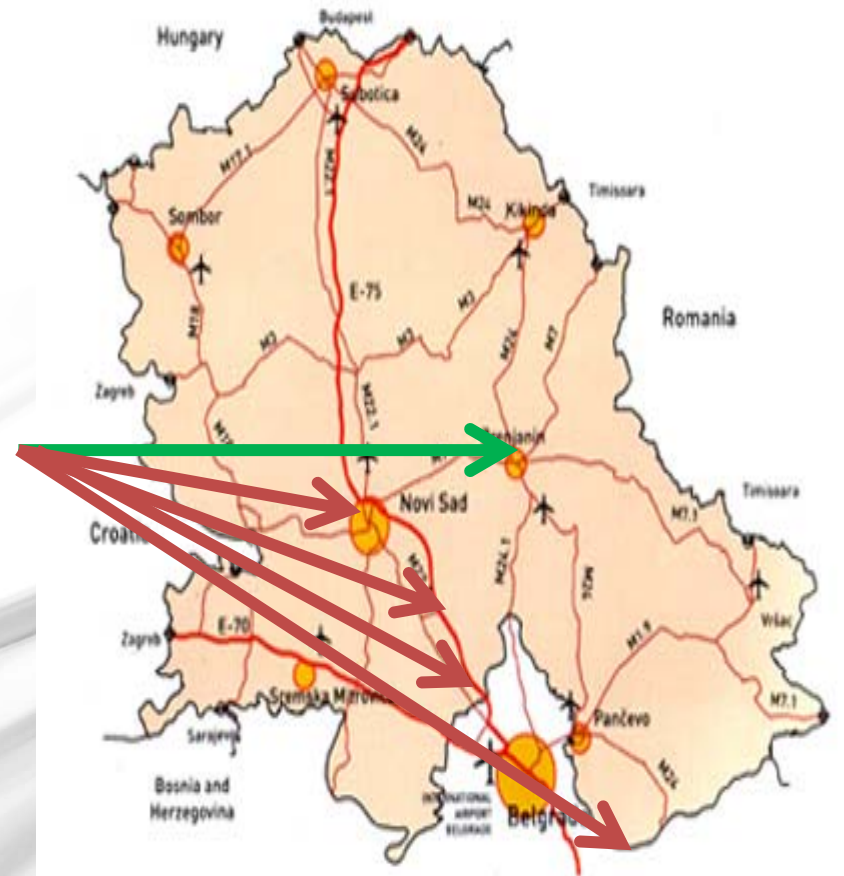
## How did Mecaplast meet SIEPA? Investment promotion!

- Investment promotion!
- In May, 2010, SIEPA organized a conference about FIAT investment in central Serbia
- Conference aimed at attracting investors in automotive industry
- One of the highlight events of 2010
- Demonstrates good aftercare and initiative to find investors
- Met with Mecaplast, which was vying to become a FIAT supplier in Kragujevac



## From there...project implementation!

- More information gathering and site meetings:
  - meeting with SIEPA, other agencies in Serbia
    - Meets with VIP
- Mecaplast indicates it is likely to make parts for FIAT in Kragujevac
- Site visits: Smederevska Palanka, Stara Pazova, Indija, Novi Sad, Zrenjanin
  - VIP & SIEPA coordinate site visits and meetings with local authorities
  - SIEPA database of locations in play
- More negotiation with FIAT, more information gathering
- Serbia project approved by board of directors, Zrenjanin chosen as project location
- Production will begin in Spring, 2012



## Cooperation with Other Institutions and Agencies

- Technical assistance, material support, and training provided to 32 participating municipalities by the USAID-funded MEGA program
- Municipal capacity building aimed at strengthening local abilities to mobilize resources and deploy them effectively
- Key accomplishments:
  - LED offices establishment
  - Study tours organization (USA, Czech Republic, etc.)
  - Policy advocacy (e.g. the Law on Financing of Local Governments)
  - 'Invest in Serbia' competition in 2009, 2010



## Cooperation with Other Institutions and Agencies: NALED program

- National Alliance for Local Economic Development (NALED), an independent association of businesses, local governments and civil society organizations
- Goals:
  - Investment promotion and business support
  - Business guided policy reforms
  - Municipal capacity building
- Concrete actions/results:
  - Grey Book – recommendations for business reform
  - Certification of business-friendly municipalities
  - PR & Marketing of local municipalities
  - Training & Seminars



## Economic Counsellors

- A new project, linking economic counselors to Embassies to Ministry of economy instead of Ministry of foreign affairs
- SIEPA participated in the selection, training process and now we will develop internal communication systems
- They will count on SIEPA as the main knowledge, promotion and facilitation partner
- About one year ago, 30 economic counselors were deployed to Serbian embassies all over the world
- Too early to tell results, though lead generation is promising





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# Thank you!

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