



SIEPA

Serbia Investment and Export Promotion Agency

STRATEGIC ROLE OF THE INVESTMENT PROMOTION AGENCY & ITS MANAGEMENT ISSUES

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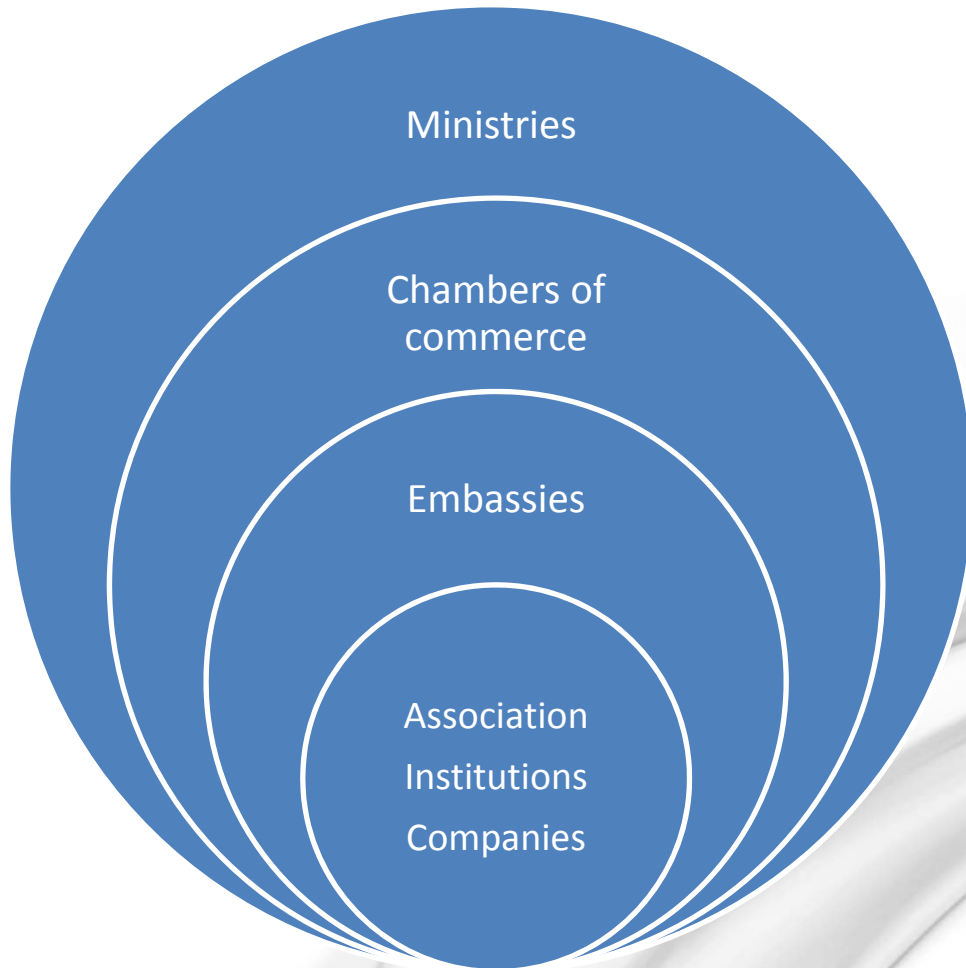
PRESENTATION OUTLINE

- SIEPA and its place in the Serbian government
- External growth strategy
- Internal growth strategy
- Final words of advice



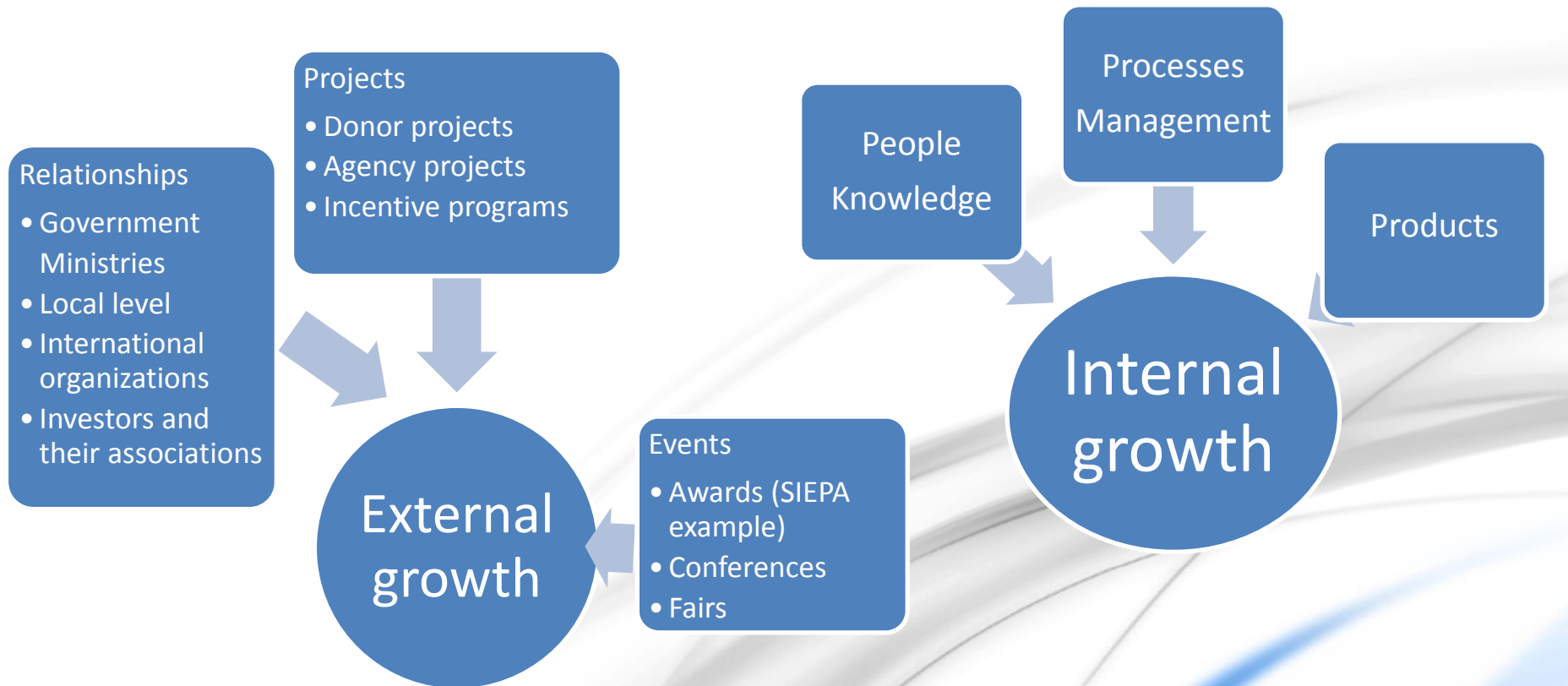
Agencija za strana ulaganja i promociju izvoza

Other Institutions and Our Role: Where we are now



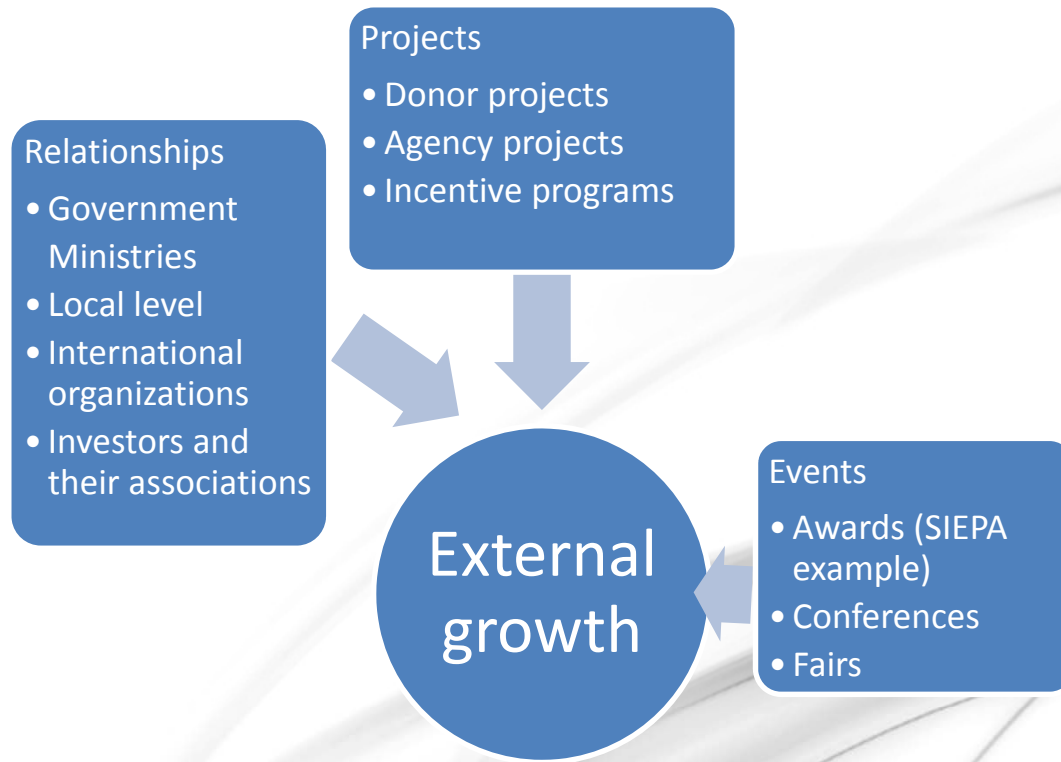
- Members of working groups
- Almost always part of official delegations
- Joint preparation and participation at events, both investment and export related
- Members of investors clubs, etc
- Work with PwC, EY and others on investment events, etc
- Many other roles

Question: How does an IPA become a desired partner?



Answer: Through time, effort, knowledge and results for stakeholders

External Growth Strategy



A tale of two SIEPAs: 2001 – 2004; 2004 – present

- From its founding in 2001 until 2004, SIEPA was an unknown entity in the Serbian government
- Unable to truly work, lacking
 - Proper facilities – a 30 m2 facility!
 - Insignificant staff – 12 peopleč only 3 when the agency was founded!
 - Very small budget – not even a car!
 - No support in the wider government
 - No power
- The turning point was in 2005: New leadership which had **solid political backing.**
- In other words, what is necessary for an Investment Promotion Agency to take off is **support!**
- It is also about **results!**



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Support is the name of the game: government and ministries

- Agencies require broad based support for its activities and at the same time they have to maintain their independence.
 - In other words, yes political support was necessary, but an IPA must then demonstrate that it works with everyone and for the good of all!
- In many countries, such support is not provided. Inadequate funding, understaffing and limited powers constrain investment promotion efforts.
- Low levels of support often stem from lack of awareness of decision makers within the country about the role that IPA can play in economic development.
- In other countries where there is no general consensus you might end up having a couple of IPA's or similar service providers, all clinging to a different power groups (Ministers, political parties, etc).
 - Example: ARIS in Romania – lots of foreign investment in Romania but not because of ARIS



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Fighting for your place in the government system

- But even when system is in place, it takes a lot of time and effort to truly position an IPA in the Government system
- That is why agencies “fight” for their mandate.
- One solution might be to try become an inevitable body, an issuer of licenses, approvals, etc. But you might end up being license makers and approvers and investors don’t want that. And if you cant give all approvals then what is the point?
- It is of paramount importance that IPA’s offer additional value to all stakeholders. And since they are dispersed you need to have various services, various value added activities in the process...



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Donor Projects can sometimes help: An example

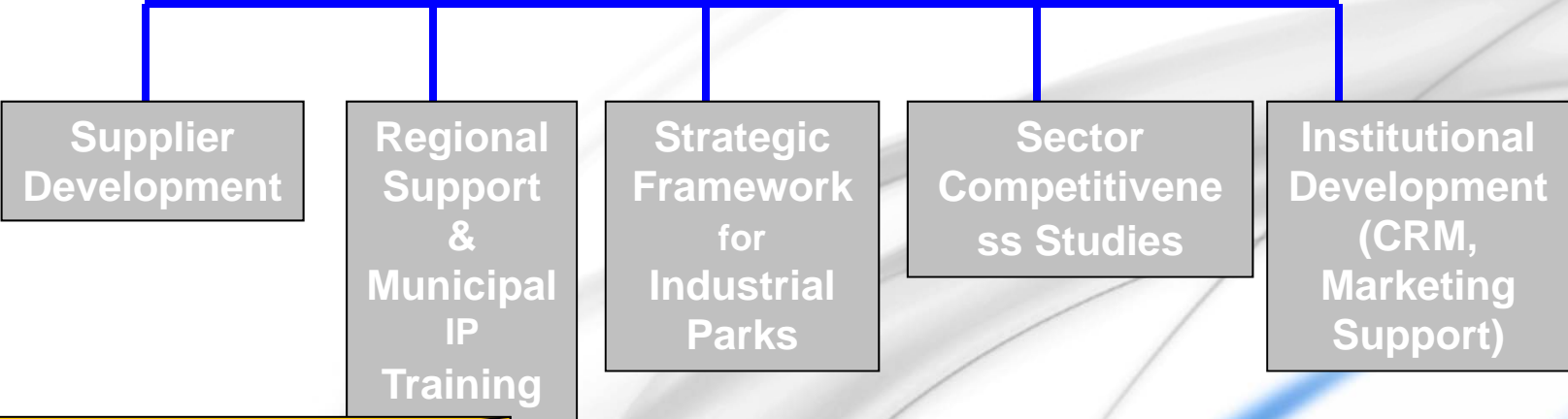


Serbia Investment Promotion Program

FIAS



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Increasing FDI into Serbia

At the end of the day, the IPA must deliver results – back to 2004

- In 2004, the agency received more than just external political support. It also proved it could do the job right.
- Ball Packaging Investment in Zemun
 - In 2004-2005, SIEPA played a very active role in helping bring Ball Packaging to Belgrade
 - Helped company receive licenses and approvals; meetings with customs, local officials, ministries
 - Time-consuming, taxing effort, but yielded results
 - Initial investment nominated for and won Investment of the Year in Southeast Europe Award in 2004 (OECD)
- High profile investment
 - €60 million, 150 employed – 2004-2005
 - €35 million, 35 employed – 2011
- **Most impactful results are voiced by clients!**





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Agency Projects

- A strong tool to build your brand and relevance in the country
- Can be smaller scale or larger scale/ focused on particular problem, project, sector, etc...
- In Serbia incentive scheme was initiated, developed and administered by SIEPA (with some small changes) from 2007
- Quickly builds your relevance and importance
- Brings you closer to the wider community, both private and governmental

Agency Events

- Giving media and pr coverage in addition to links with selected stakeholders
- Can create events that become a tradition
 - Investor of the year award
 - Exporter of the year award
 - Inward media missions
- Organizing or supporting conferences and fairs is also quite important (partner with economist, FT, etc)
- EBRD conference 2005 was a big hit for SIEPA – got us in touch with wide investment community
- Participation and organization of fairs is also a great way to link stakeholders to you



Back to 2005: How to Build Support with PR – EBRD Conference

- That same momentous year, SIEPA also made a PR splash at the EBRD's annual assembly, held in Belgrade
 - 2,500 delegates from 59 countries
 - Representatives from multinational companies and foreign banks
 - EBRD President Jean Lemierres endorsed foreign investment in Serbia
 - Enormous media coverage
- SIEPA's role:
 - Presentations to high-level decision-makers
 - Special, tailored presentations to everyone present
 - Sector studies unveiled
 - Much preparation involved, but it paid off!



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A Recap: 2004 - 2006

- New leadership
- Big investment success – Ball Packaging
- Big media success – EBRD conference
- 2006: SIEPA recognized as 8th best IPA in the world of 114 by the World Bank
- 2006-2007: On SIEPA's nomination, Belgrade named City of the Future in SE Europe by Financial Times.
- In other words, this is when SIEPA cemented its role in the Serbian government precisely at this time



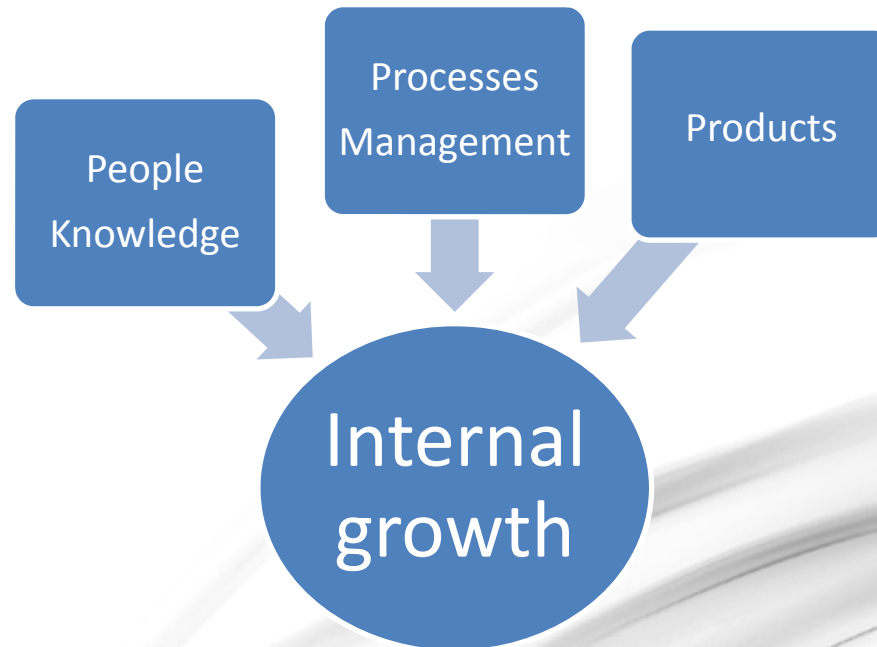
Ball Packaging Europe



European Bank
for Reconstruction and Development



Question: How does an IPA become a desired partner?





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People

- Are the most important asset of an IPA
- Management especially. If professionals are on the lead the system will live.
- Again, look at 2005. Not only political support, but also two big events that the entire agency and its leadership deserve credit for
- Fluctuations should be on the minimum. Natural selection should be nurtured (Eg what happens when the director leaves?)
- Hiring policy is important, but IPA's rarely have HR as a department (unless they are big)



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People

- Essentially, you want to have people with similar backgrounds, age group, because its easier to team them up
- You also might want younger people because they are more easily motivated and prepared to go an extra mile
- They are also more affordable, but they must be paid well. A well-paid employee is a motivated employess
- SIEPA has good profiles of people from all over the world – Italy, Ukraine, USA, France, Germany, etc. – people who studied and/or worked in these countries
- There are also people with industrial expertise.



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People

- Since knowledge and information (and how you process it) is what an IPA is all about, specific systems can be developed
- How much flexibility and autonomy is given to the people? SIEPA gives a lot of flexibility
 - Flexibility and autonomy is important because there is so much information to process in our line of work
 - It would be difficult to capture all of it and then communicate it to everyone – there's too much and the system would move too slowly
- Making your employees decision makers on certain level



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Processes

- How does your internal structure function?
- With bureaucracies, it is important to be a flexible, agile organization
- Are people grouped in appropriate departments, divisions, offices, etc?
- Even though it's a knowledge based company, an IPA does need structure, clear responsibilities, reward system



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Products

- An IPA should be looked upon as any other company – someone delivering a product (or a service)
- Two big SIEPA products: Funds for investors and Serbian exporters
- Your products should adapt to market requirements and not vice versa
- Think about your offer and how you can enrich it



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Financial Incentives Grant Scheme

- Perhaps the program SIEPA is most well-known for
- Initiated by SIEPA in 2006
- Funded from the budget of Ministry of Economy, but administered entirely by SIEPA
- Non-refundable financial assistance for new investment projects, in according with the decree on attracting direct investment;
- Applications are submitted to SIEPA, after which projects are assessed and a commission decides on awarding funds;
- Investment projects are scored on 9 criteria such as: investment amount and location, impact on exports, participation of domestic suppliers, and others;
- Changed several times throughout the years – 5 different versions



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Financial Incentives

Eligible Sectors	Large-scale Projects		Standard-scale Projects			
	Manufacturing		Manufacturing			Export Related Services
	Capital and Labour Intensive Projects	Capital Intensive Projects	Investment Realised in Devastated Regions	Investments in Automotive, Electronics and IT, Realised in Regions of Special State Interest	Investment Realised in Other Regions	Investments in All Regions
Grant Amount (EUR)	Up to 20% of the total investment	Up to 20% of the total investment	€ 4,000 - 10,000 / per job created	€ 5,000 - 10,000 / per job created	€ 2,000 - 5,000 / per job created	€ 2,000 - 10,000 / per job created
The Minimum Investment Amount	€ 200 mn	€ 50 mn	€ 0.5 mn	€ 0.5 mn	€ 1 mn	€ 0.5 mn
The Minimum Number of New Jobs Created	1.000	300	50	50	50	10



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Structure of Grants

- Total number of approved projects: 152
- Total amount of investments :780 million €
- Total amount of new jobs created: 26,500
- Total amount of grants: €85 million



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Financial Support for Exporters

- SIEPA administers the program since 2006
- Funds are allocated based on activity refund principle (first the activity and then funding)
- 2006 budget was around 1.2 million EUR
- 2007,2008 and 2009: 600.000 EUR
- 2010: 800.000 EUR
- 2011: 1.5 million EUR
- Starting this year we envisage support for establishment of exhibition centers abroad!

For which activities?
Product testing, certification, and recertification
Design of promotional materials
Quality control certification and recertification
Participation at international exhibitions
New product packaging design
New product design
Advertising in foreign trade publications
Organizing visits to foreign markets.
Establishment of exhibition centers abroad
Organizing business meetings abroad.



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International Fairs Organized by SIEPA

Grüne Woche ,Berlin, Germany

Fruit Logistica, Berlin, Germany

BioFach Nirnberg, Germany

Gulfood, Dubai, UAE

CeBIT, Hanover, Germany

Gitex, Dubai, UAE

ProWein, Dizeldorf, Germany

Fancy Food , New York, USA

Anuga, Keln, Germany

Heimtextil, Germany

SIAL, Paris, France

World Food Moscow, Russia

Foodex, Tokyo, Japan

Maderalia, Valencia, Spain

Real Vienna, Vienna, Austria

Expo Real, Minhen, Germany

Auto Equip, Paris, France

Automechanika, Germany

MosBuild, Moscow, Russia

CPM textile, Moscow, Russia

Rendez-vous, Paris, France

ALWAYS READY FOR NEW
CHALLENGES!



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One last visit to the CRM: Investments Database and Reports

- Two important aspects of having a CRM: Database of information & Reports
- Database:
 - Investment Projects
 - Investments to Date: Very important
 - We are the body responsible for these – question of credibility
 - No other monitor of FDI in the country
- Reports:
 - Key for internal coordination and reporting
 - External / Supervisory bodies
 - Wider media and other public
- Let's take one last dive into the CRM!



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Final Thoughts from SIEPA Leadership

- Authority of head leadership must be used selectively; if it used too frequently, it will lose its weight
- Must have reach into all levels of government – from highest position in government to the person on the local level responsible for issuing licenses and approvals
- Be patient and be persistent – many examples of how achieving something can take years
- Much work done by an IPA is abstract and can take time to realize, be patient



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Thank you!

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