



## PROJECT: IMPROVING BUSINESS ENVIRONMENT TO INCREASE INVESTMENT IN TOURISM INFRASTRUCTURE

### Background

Over 1.3 million illegally constructed buildings place Serbia among the countries with the highest number of illegal buildings. The number of realised investments in Serbia is significantly lower than the number of initially interested investors, who subsequently give up the investment. One of the reasons for this situation is long, complicated, non-transparent and very expensive procedures related to construction of buildings. The Amendments to the Law on Planning and Construction, adopted on 8 December 2014, introduce a unified procedure, which in its essence is the so-called One-Stop-Shop.

One of the most anticipated effects of the establishment and proper functioning of the UP in practice will be the progress of Serbia in the World Bank Doing Business (DB) list regarding the 'Issuance of Construction Permit' indicator, which is an important parameter of the business environment for the investors. According to the latest DB Report for 2015, Serbia is at the very bottom, holding the 186<sup>th</sup> place out of 189 economies in the world.

The introduction of a unified procedure (UP) represents a significant positive innovation that will reduce steps, costs and time for construction and registration of buildings. The legislator's idea is that the competent authority (national, provincial or local), in the name and for the account of the client, obtains *ex officio* the needed documents issued by the state and local public enterprises, Cadastre and other organizations entrusted with public powers. Regarding businesses and citizens, this will result in a significant simplification of the complicated process of obtaining documents needed in various stages of construction.

The process of establishing unified procedure represents a significant organisational challenge for the ministries, provinces and local governments, as well as for public enterprises and other organisations. Due to the lack of capacity and resources, there is a concern that the process of issuing permits and other acts in the field of construction might be blocked. This could lead to the 2010 situation, when the process of issuing location, construction and occupancy permits was considerably delayed after the adoption of the new Law on Planning and Construction. Therefore, it is necessary to provide intensive support to all parties in the process of establishing unified procedure.

### Project intervention

It is known that the process of building facilities significantly affects the development of the private sector and creation of new employment opportunities. The simplification of this process is of particular interest to the development of tourism in the territory of Zlatibor. Here a number of new investments are implemented yearly, affecting the development of the private sector and the

creation of new employment opportunities, both directly related to the construction of buildings and to the subsequent provision of tourism services.

The Private Sector Development Programme in South West Serbia (PSD) has recognised the potential risks brought by the new law and the need to support the Municipality of Čajetina. An efficient preparation of Čajetina for implementing a unified procedure will positively impact the business environment and the development of the tourism potential of the Region of Zlatibor.

In October 2014, a contract was signed by and between the Municipality of Čajetina, the Regional Development Agency Zlatibor (RRA Zlatibor) and OPTIMUS – Center for Good Governance on establishing a unified procedure in the Municipality of Čajetina, in order to simplify and increase the transparency of construction processes.

*Protocol on Cooperation between the Municipality of Čajetina, Republic Geodetic Authority – Office for Cadaster and public utilities “Vodovod Zlatibor, “Telekom Srbija” and “Elektrosrbija” was signed on November 26th 2014.*

*The Mayor of Čajetina, Milan Stamatović, said: "This project has the aim to make the obtaining of a construction license easier. It enables potential investors to get all the information at one place without wasting time and wandering from one institution to another. We are all going to be networked now and no matter what institution you address you will get the information you need."*

The Improving the Business Environment to Increase Investment in Tourism Infrastructure project has been implemented by RRA Zlatibor in partnership with OPTIMUS, within the PSD. The project is funded by the Swiss Government through the Swiss Agency for Development and Cooperation in Serbia - SDC.

## **Overall objective and expected results**

The overall objective of the Project is to contribute to increasing of income in the tourism sector in the Municipality of Čajetina, through the preservation and creation of new jobs. This goal will be achieved by increasing the efficiency, transparency and a general improvement in the process of obtaining permits and approvals in the field of construction.

The expected results are as follows:

- Simplified administrative procedures in the field of construction and registration of facilities through the establishment of the so-called One-Stop-Shop or Unified Procedure;
- Established process of *ex officio* obtaining of documents between the Municipality, public enterprises and the Cadastre;
- Improved transparency of municipal work through establishing an electronic Registry of administrative procedures in the construction field on the website of the Municipality;
- Increased efficiency and improved capacities of employees who work on the unified procedure in the Municipality, public enterprises and the Cadastre.

The Project's additional value includes the electronic connection between the Municipality, public enterprises and the Cadastre through installed software for implementing the unified procedure, i.e. monitoring and managing the process of electronic *ex officio* exchange of documents, using the qualified electronic certificates.

