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SERBIA**

AT THE MUNICIPAL SUPPORT PROGRAMME – EASTERN SERBIA

SOKO BANJA, 20 SEPTEMBER 2006

Dear Assistant Ministers,

Dear Deputy Secretary General of the Standing Conference of Towns and Municipalities,

Dear Mayors,

Ladies and gentlemen,

Thank you very much for inviting me to this conference that will analyze the experiences in the realisation of the Municipal Support Programme in Eastern Serbia. I am pleased to be with you today in this nice town of Soko Banja. This is my first visit to this region - I hope it will not be the last in spite of the fact that this programme which has started in September 2003 is now close to its termination.

I will not tell you about the Municipal Support Programme. I shall leave this to my colleague from the EAR, to the Mayors and to the experts. I would just like to tell you why the EU has supported this programme and why we consider it important.

As you may know, the key document that sets the priorities for Serbia in its way to the EU is the European Partnership. The EU provides support through the CARDS programme – let me recall that (in 2007 it will be replaced by a new programme called IPA or Pre-accession Instrument), - implemented by the EAR, in areas identified in the European Partnership as being key to facilitate the

approximation of Serbia to the EU. Therefore our financial and technical assistance and our political priorities are the two sides of the same coin: the European integration process.

Among these priorities I would like to stress: Firstly, there is the development of local and regional business support structures, secondly, strengthening the capacity of the public administration at government and also local levels, and thirdly to adopt and implement decentralisation reform ensuring the viability of local governments.

The need to support economic development at local and regional level is obvious.

Ladies and gentlemen: the wealth of Europe is not built on the wealth of its capitals but on the richness and the diversity of its regions. Similarly Serbia is not only Belgrade. It is not even essentially Belgrade, as the capital in terms of population or economic weight is only about a quarter of Serbia. A solid and stable Serbia needs to rely on the socio-economic development of its regions, and the development at the local level. Be it development of Bela Palanka, Boljevac, Bor, Svrnjak, Dimitrovgrad, Knjazevac, Kladovo, Majdanpek, Negotin, Pirot, Crna Trava, Sokobanja, Vlasotince, Babusnica or Zajecar.

Why decentralisation? I will reply by mentioning our own experience in the EU. In the last decades, the EU has developed the key principle of subsidiarity. This principle can roughly be described as: why doing at higher level something that can be done more effectively at a lower level, closer to the ultimate

beneficiaries, the citizens. The EU has also developed mechanisms to ensure solidarity not only between countries but more and more between regions and citizens. This requires in the first place that local and regional entities have the capacity to assume the first responsibility for defining and addressing their own problems.

When speaking about decentralisation it is important to keep in mind that there is no single prescription for all. We have many different models of decentralisation in the EU Member States. To take an example closest to my heart: in my own country – Spain – there are 17 different autonomous/regional governments with various levels of autonomy. In other – like France, Italy or Germany – the models widely differ. But whatever the model is it is important that it be adopted to concrete situations.

We in the European Commission follow closely all developments related to the decentralisation process in your country. The recent adoption – this July - of the Law on financing of local governments has been an important step in this direction. It is good news that 1.7% of GDP will automatically go to municipalities to finance their activities. This will make them less dependent on the good - or not so good will - of the central Government. The municipalities will thus be able to plan better their revenues, and this will increase transparency and predictability. I welcome the fact that the Standing Conference of Towns and Municipalities was involved in the process of drafting this law and will be involved in its implementation.

The Municipal Support Programme is also important from our point of view as part of capacity building at the local level necessary for the implementation of IPA, the new EU assistance instrument, from which municipalities may also benefit from next year.

I should now like to hear from you how the Municipal Support Programme for Eastern Serbia has helped reaching the objectives I have mentioned as well as, above all making Eastern Serbia not just a nice place to visit, which it certainly is already, but a better place for its citizens to live in.

Thank you.