

## Cohort 2 of the MEGA Program: Basic economic facts, 2006

Gordana Vukotić-Cotić, Institute of Economic Sciences, Belgrade, Serbia

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**Abstract:** *The MEGA Program is funded by the United States Agency for International Development, and implemented by the Urban Institute from Washington DC. Its objective is, in short, to enable local governments and local businesses in Serbia to foster economic growth not only in the participating municipalities but also, through the effect of keeping up with them, in all others. The eleven municipalities that joined the Program in its second stage, referred to as Cohort 2, exhibited a weak economic performance in 2006, as the baseline year. In comparison with Serbia, the majority of these municipalities had a lower share of women in employment (in total, and by enterprises and entrepreneurs), and a higher share of women in unemployment. The unemployment rates in total and for women in particular, were high everywhere. Only for two municipalities were they lower than for Serbia. At last but not the least, new enterprises and new entrepreneurs were established, for the most part, in the wholesale and retail trade – which is not crucial for the economic growth of impoverished areas.*

### Introduction

The MEGA Program is funded by the United States Agency for International Development, and implemented by the Urban Institute from Washington DC. Its objective is, in short, to enable local governments and local businesses in Serbia to foster economic growth not only in the participating municipalities but also, through the effect of keeping up with them, in all others. (MEGA is the acronym from the *Municipal Economic Growth Activity*.)

The Program has been fully operative since January 2006. It has two stages so far:

- In the first stage, ten municipalities were chosen to participate in the Program: Indjija, Kragujevac, Krusevac, Loznica, Novi Beograd, Prokuplje, Subotica, Uzice, Vranje and Zrenjanin. As a whole, they are referred to as Cohort 1. Changes in the economic performance of the municipalities within Cohort 1 in the course of time have to be assessed in relation to the baseline year 2005.
- In the second stage, additional eleven municipalities joined the Program: Arilje, Cacak, Kraljevo, Leskovac, Pancevo, Paracin, Pecinci, Prijepolje, Sabac, Smedervo and Vrsac. As a whole, they are regarded as Cohort 2. Changes in the economic performance of the municipalities within Cohort 2 over time have to be evaluated with reference to the baseline year 2006.

The economic position of the municipalities within Cohort 1 in the baseline year 2005 and its changes up to March 2007 have been already assessed.

This paper – which has been also supported by the Ministry of Science and the Protection of Human Environment of the Government of the Republic of Serbia within its program for the period 2005–2007 – will deal with basic economic facts on the municipalities within Cohort 2 in the baseline year 2006.

As the dissemination of official data at lower levels of aggregation is aggravated in case of Serbia, the aforementioned basic economic facts involve four variables only: the employed, the

unemployed, new enterprises and new entrepreneurs. The data on the variables in question are released by: the Statistical Office, the National Employment Service and the Business Registers Agency of the Republic of Serbia.

## Employment and unemployment

Employment, unemployment and the labor force, in total and for women, relating to Serbia and Cohort 2 in 2006, are presented in Tables 1–3 as the simple arithmetic means of the corresponding values of 31 March and 30 September. Employment includes persons who are employed in enterprises, on the one hand; and entrepreneurs, with or without employees, on the other hand. Consequently, and unfortunately, it excludes farmers. Enterprises are taken in a broader sense: they cover small, medium and large firms – as well as cooperatives, institutions and organizations. Unemployment comprises persons who are registered as unemployed, although they might have been occasionally or informally employed. This concept of unemployment differs, therefore, from that adopted by the International Labor Organization. The labor force is defined as the sum of the employed and the registered unemployed.

Table 1. Employment: 2006

	Total		Enterprises		Entrepreneurs	
	Total	Women	Total	Women	Total	Women
	Absolute values					
Serbia	2,025,627	872,907	1,471,750	636,244	553,877	236,664
Cohort 2	236,289	97,247	164,461	68,824	71,828	28,423
Arilje	6,487	2,327	3,389	1,516	3,099	811
Cacak	28,741	13,433	22,460	10,155	6,281	3,278
Kraljevo	33,906	13,857	20,907	8,267	12,999	5,591
Leskovac	32,969	14,221	22,764	9,678	10,206	4,543
Pancevo	37,700	15,788	27,550	11,052	10,151	4,736
Paracin	12,021	4,706	8,360	3,473	3,661	1,233
Pecinci	4,034	1,531	2,190	1,091	1,844	440
Prijepolje	7,666	3,454	5,853	2,770	1,814	684
Sabac	28,063	11,148	19,238	8,062	8,825	3,087
Smederevo	29,357	9,831	20,623	7,782	8,734	2,050
Vrsac	15,344	6,951	11,128	4,978	4,216	1,973
	Shares (%)					
Serbia	100.0	43.1	100.0	43.2	100.0	42.7
Cohort 2	100.0	41.2	100.0	41.8	100.0	39.6
Arilje	100.0	35.9	100.0	44.8	100.0	26.2
Cacak	100.0	46.7	100.0	45.2	100.0	<u>52.2</u>
Kraljevo	100.0	40.9	100.0	39.5	100.0	43.0
Leskovac	100.0	43.1	100.0	42.5	100.0	44.5
Pancevo	100.0	41.9	100.0	40.1	100.0	46.7
Paracin	100.0	39.1	100.0	41.5	100.0	33.7
Pecinci	100.0	38.0	100.0	49.8	100.0	23.8
Prijepolje	100.0	45.1	100.0	47.3	100.0	37.7
Sabac	100.0	39.7	100.0	41.9	100.0	35.0
Smederevo	100.0	33.5	100.0	37.7	100.0	23.5
Vrsac	100.0	45.3	100.0	44.7	100.0	46.8

Source: Statistical Office of the Republic of Serbia

Table 2. Unemployment: 2006

	Absolute values		Shares (%)	
	Total	Women	Total	Women
Serbia	917,298	495,667	100.0	54.0
Cohort 2	133,788	73,963	100.0	55.3
Arilje	2,037	1,047	100.0	51.4
Cacak	17,238	9,120	100.0	52.9
Kraljevo	15,964	9,242	100.0	57.9
Leskovac	22,413	11,792	100.0	52.6
Pancevo	15,246	8,741	100.0	57.3
Paracin	8,659	4,721	100.0	54.5
Pecinci	2,923	1,453	100.0	49.7
Prijepolje	6,872	3,740	100.0	54.4
Sabac	19,901	11,255	100.0	56.6
Smederevo	14,973	8,770	100.0	58.6
Vrsac	7,564	4,084	100.0	54.0

Source: National Employment Service of the Republic of Serbia

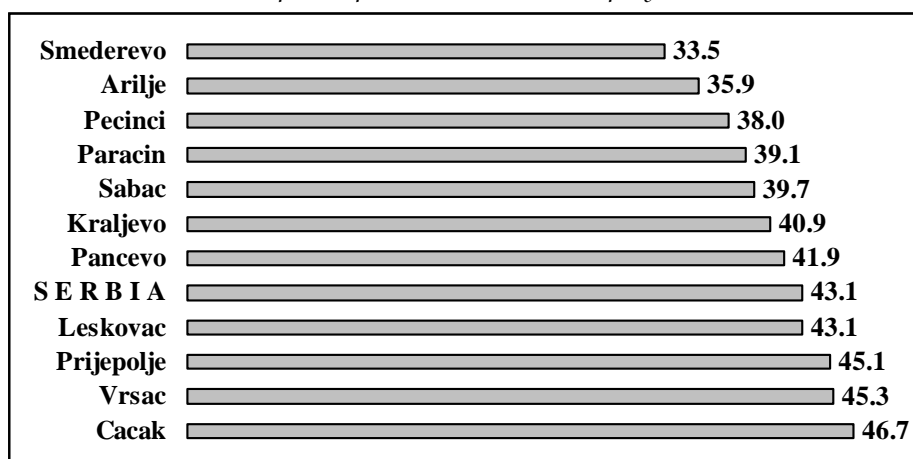
Table 3. Labor force: 2006

	Absolute values		Shares (%)	
	Total	Women	Total	Women
Serbia	2,942,925	1,368,574	100.0	46.5
Cohort 2	370,076	171,210	100.0	46.3
Arilje	8,524	3,374	100.0	39.6
Cacak	45,978	22,553	100.0	49.1
Kraljevo	49,870	23,099	100.0	46.3
Leskovac	55,382	26,013	100.0	47.0
Pancevo	52,946	24,528	100.0	46.3
Paracin	20,679	9,427	100.0	45.6
Pecinci	6,957	2,983	100.0	42.9
Prijepolje	14,538	7,194	100.0	49.5
Sabac	47,964	22,403	100.0	46.7
Smederevo	44,330	18,601	100.0	42.0
Vrsac	22,907	11,035	100.0	48.2

Sources: Tables 1–2

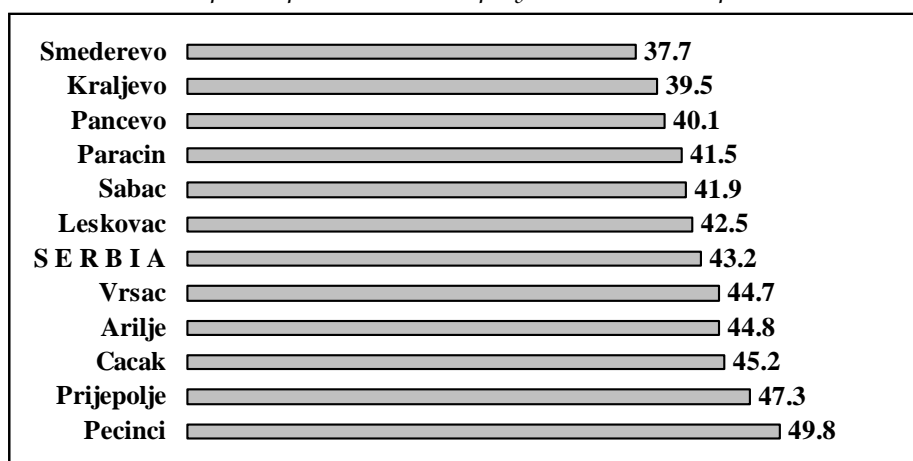
The female participation in employment is displayed on Charts 1–3. It was higher than the male participation only in terms of entrepreneurs in Cacak exclusively. Six municipalities within Cohort 2 were ranked lower than Serbia in respect of the portion of women employed with enterprises and entrepreneurs taken separately. On the other hand, seven municipalities within Cohort 2 were ranked lower than Serbia in respect of the portion of women employed with enterprises and entrepreneurs taken together. Smederevo, with the leading role of the US Steel in its economy, was at the bottom of the list in each case.

Chart 1. Female participation in the total employment (%): 2006



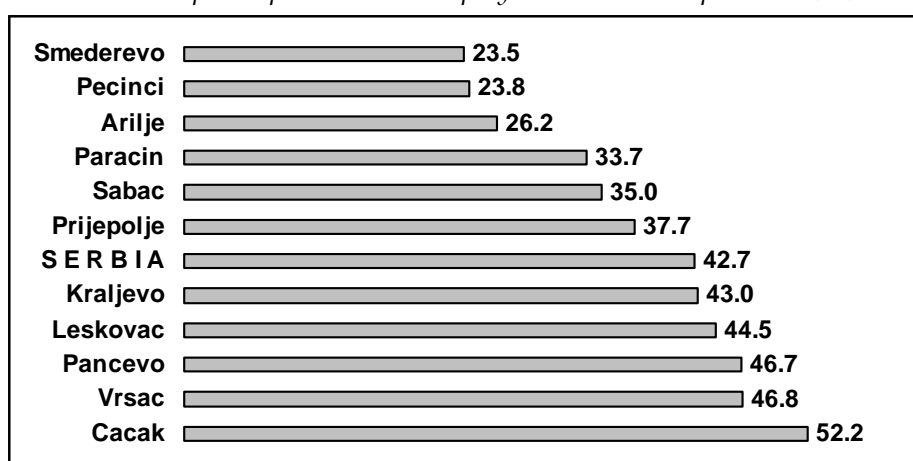
Source: Table 1

Chart 2. Female participation in the employment with enterprises (%): 2006



Source: Table 1

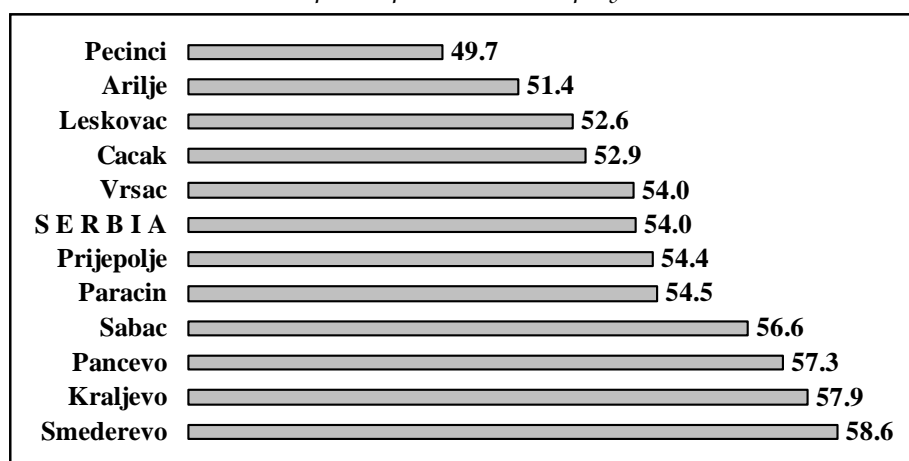
Chart 3. Female participation in the employment with entrepreneurs (%): 2006



Source: Table 1

The female participation in unemployment is shown on Chart 4. Only in Pecinci was the share of unemployed women lower than the share of unemployed men. Six municipalities within Cohort 2 had a higher rank than Serbia. Among these municipalities, Smederevo was at the top of the list.

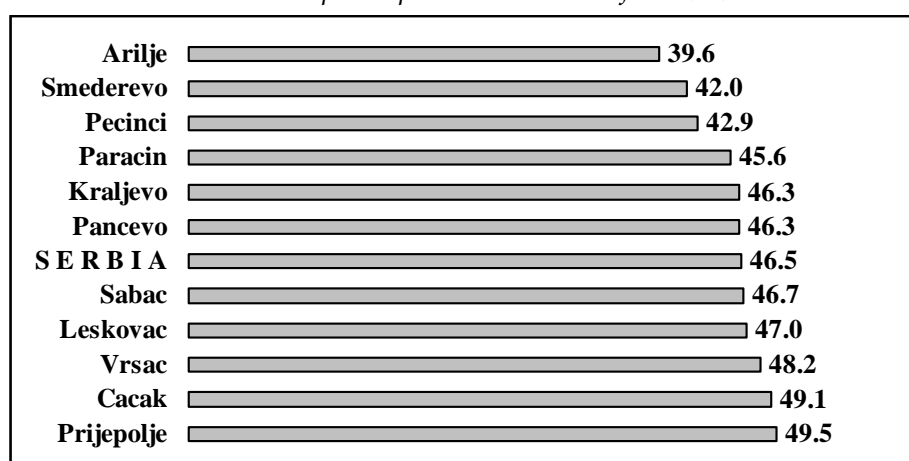
Chart 4. Female participation in unemployment (%): 2006



Source: Table 2

The female participation in the labor force is given on Chart 5. It was lower than the male participation both for Serbia and all the municipalities within Cohort 2. In comparison with Serbia, a lower share of women in the labor force was recorded for six municipalities within Cohort 2.

Chart 5. Female participation in the labor force (%): 2006



Source: Table 3

The rates of employment and unemployment, in total and for women, are presented in Table 4. The rate of the total employment is calculated as a percentage ratio of all the employed to the total labor force, while the rate of the female employment is computed as a percentage ratio of employed women to the female labor force. Consequently, the rates of the total and female unemployment are obtained by subtracting the rates of the total and female employment from one hundred (see also Charts 6–7).

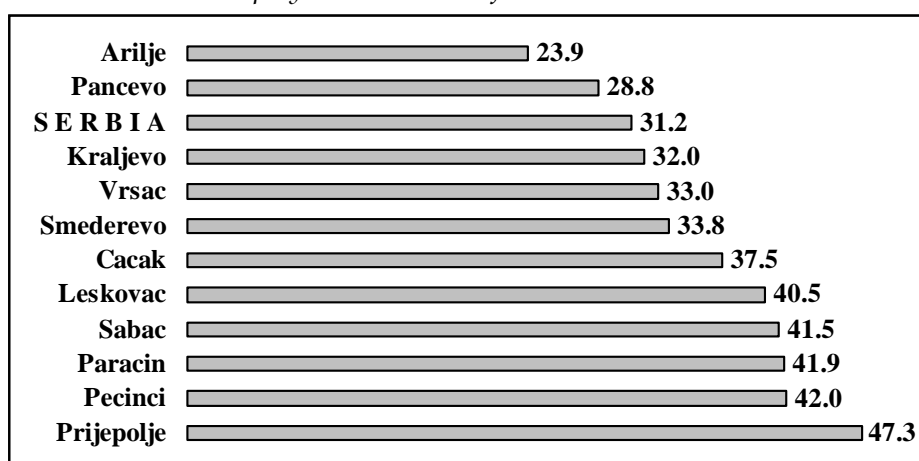
Table 4. Rates of employment and unemployment (%): 2006

	Employment		Unemployment	
	Total	Women	Total	Women
Serbia	68.8	63.8	31.2	36.2
Cohort 2	63.8	56.8	36.2	43.2
Arilje	76.1	69.0	23.9	31.0
Cacak	62.5	59.6	37.5	40.4

Kraljevo	68.0	60.0	32.0	40.0
Leskovac	59.5	54.7	40.5	45.3
Pancevo	71.2	64.4	28.8	35.6
Paracin	58.1	49.9	41.9	50.1
Pecinci	58.0	51.3	42.0	48.7
Prijepolje	52.7	48.0	47.3	52.0
Sabac	58.5	49.8	41.5	50.2
Smederevo	66.2	52.9	33.8	47.1
Vrsac	67.0	63.0	33.0	37.0

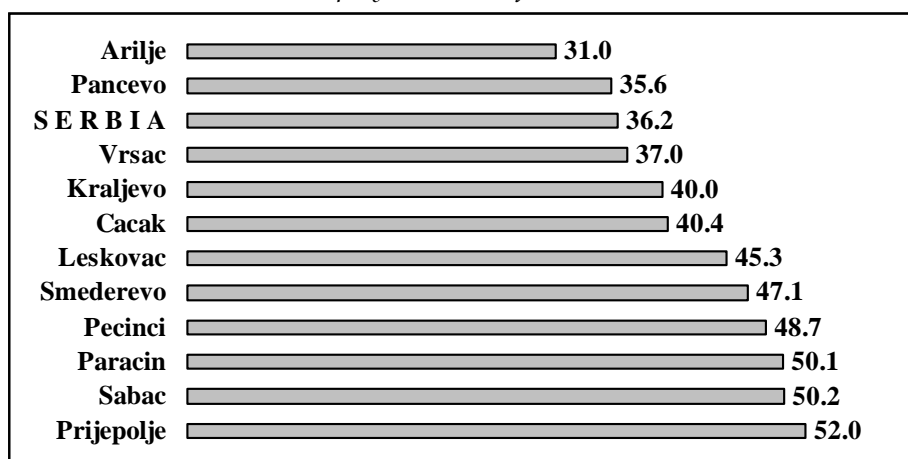
Sources: Tables 1–3

*Chart 6. Unemployment rates both for men and women (%): 2006*



Source: Table 4

*Chart 7. Unemployment rates for women (%): 2006*



Source: Table 4

The unemployment rates, in total and for women in particular, were high everywhere. Only for Arilje and Pancevo were they lower than for Serbia.

## New enterprises

New enterprises in 2006 accounted for 11,510 in Serbia, and 953 in Cohort 2 (see Tables 5–6). New enterprises emerged, for the most part, in the private sector, which thus appeared to be the leading sector of ownership. The private sector in Cohort 2 was expanded by 911 enterprises, while all other sectors of ownership were enlarged by 42 enterprises only. Newly opened private

enterprises, distinguishable by large numbers, were those in: Pancevo (217), Sabac (145), Cacak (122), and Kraljevo (106).

Table 5. Number of new enterprises by ownership: 2006

	Total	State	Public	Private	Cooperative	Mixed
Serbia	11,510	250	4	10,927	196	133
Cohort 2	953	19		911	18	5
Arilje	28	1		25	2	
Cacak	128	6		<u>122</u>		
Kraljevo	109	2		<u>106</u>	1	
Leskovac	78	6		72		
Pancevo	224	1		<u>217</u>	5	1
Paracin	61			61		
Pecinci	12			10	2	
Prijepolje	22			22		
Sabac	154	3		<u>145</u>	3	3
Smederevo	90			88	1	1
Vrsac	47			43	4	

Source: Business Registers Agency of the Republic of Serbia

The distribution of new enterprises by activities shows that the wholesale and retail trade was the most attractive sector of activity in Serbia, as well as in Cohort 2 (except for Arilje). The greatest number of new enterprises in this sector within Cohort 2 was notified for Pancevo (114).

Table 6. Number of new enterprises by activities: 2006

	Serbia	Co-hort 2	Arilje	Cacak	Kraljevo	Leskovac	Pancevo	Paracin	Pecinci	Prijepolje	Sabac	Smederevo	Vrsac
Total	11,510	953	28	128	109	78	<u>224</u>	61	12	22	154	90	47
Agriculture, forestry, water resources management	355	30	2	2	2	1	8	1	1		5	2	6
Fishing industry	9												
Mining and quarrying industry	40	5		1	1		1				1	1	
Manufacturing industry	1,872	197	11	29	27	19	31	10	3	5	42	15	5
Electricity, gas, water supply	28												
Construction	765	59	3	7	7	7	15	3		1	9	4	3
Wholesale and retail trade	<u>4,363</u>	<u>453</u>	10	55	45	31	<u>114</u>	41	4	11	77	45	20
Hotels and restaurants	334	14			2	1	6				2	2	1
Transportation, storage, telecommunications	703	68	2	18	4	6	17	2	1	4	3	7	4
Financial mediation	87	1										1	
Real estate businesses	2,473	93		10	15	7	26	3	2	1	13	8	8
Public administration, compulsory social security	3												
Education	104	10			2	2	2					4	
Health and social work	97	11		4	1	1	3		1			1	
Public utilities, personal services	277	12		2	3	3	1	1			2		

Source: Business Registers Agency of the Republic of Serbia

## New entrepreneurs

There were – as it might have been expected, considering the size of initial investment – more new entrepreneurs than new enterprises in 2006. New entrepreneurs amounted to 45,867 in Serbia, and 6,549 in Cohort 2 (see Table 7). The largest number of new entrepreneurs within Cohort 2 was recorded for Pancevo (1,426).

The wholesale and retail trade was again a well-favored activity by far, both in Serbia and Cohort 2 (with the exception of Arilje). It attracted 16,009 entrepreneurs in Serbia, and 2,513 entrepreneurs in Cohort 2. The greatest number of new wholesalers and retailers within Cohort 2 was reported for Pancevo (685).

Table 7. Number of new entrepreneurs by activities: 2006

	Serbia	Co- hort 2	Arilje	Cacak	Kral- jevo	Lesko vac	Panč evo	Para- ćin	Pećinci	Prije- polje	Sabac	Smeder evo	Vrsac
Total	45,867	6,549	133	892	829	785	<u>1,426</u>	326	82	291	659	809	317
Agriculture, forestry, water resources management	518	60	1	4	9	7	8	9	1	3	5	3	10
Fishing industry	4												
Mining and quarrying indus- try	23	2			2								
Manufacturing industry	6,721	967	51	187	128	134	122	62	14	60	89	97	23
Electricity, gas, water supply	6	1											1
Construction	4,598	563	8	80	93	90	102	26	8	19	45	71	21
Wholesale and retail trade	<u>16,009</u>	<u>2,513</u>	30	264	278	320	<u>685</u>	124	35	84	245	307	141
Hotels and restaurants	5,098	711	23	99	125	72	79	41	9	29	102	94	38
Transportation, storage, tele- communications	4,238	773	5	112	64	66	264	21	9	57	32	121	22
Financial mediation	333	60	1	3	10	10	2	2		5	13	13	1
Real estate businesses	4,680	494	8	77	67	51	85	20	4	17	68	62	35
Public administration, com- pulsory social security	3	1				1							
Education	168	15		1	1	1	4	1			2	3	2
Health and social work	767	92		16	17	9	19	3	1	5	8	6	8
Public utilities, personal ser- vices	2,698	297	6	49	35	24	56	17	1	12	50	32	15
Households	3												

Source: Business Registers Agency of the Republic of Serbia

## Conclusion

The economic performance of the municipalities within Cohort 2 was weak in 2006, as the baseline year. In comparison with Serbia, the majority of these municipalities had a lower share of women in employment (in total, and by enterprises and entrepreneurs), and a higher share of women in unemployment. The unemployment rates, in total and for women in particular, were high everywhere. Only for two municipalities were they lower than for Serbia. At last but not the least, new enterprises and new entrepreneurs were established, for the most part, in the wholesale and retail trade – which is not crucial for the economic growth of impoverished areas.

## Literature

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