



USAID
FROM THE AMERICAN PEOPLE

SERBIA



Two Serbian students on a U.S. funded exchange program enjoy San Francisco Bay with a fellow student.

Revitalization of the Wolf's Lair

The oldest Serbian cultural manifestation, called 'Vuk's Sabor' is traditionally organized every year in mid-September in the village Trsic, Vuk Karadzic's birthplace near Loznica, and celebrates his life and work. Vuk Stefanovic Karadzic (1787-1864) was a Serbian linguist and major reformer of the Serbian script. His family had a low infant survival rate, and he was thus named Vuk ('wolf') to ward off witches and evil spirits that could harm him. Each year, the festival with its rich cultural program, gathers more and more visitors, admirers and students of Vuk's work. However, it has been only over the past few years, after a new road was constructed, an amphitheater built, and Vuk's birth house renovated, that Tršić has rapidly changed its face and has emerged as a true tourism destination visited by over 100,000 tourists every year. The major overhaul and protection of Vuk's Trsic was initiated by the Cultural Center "Vuk Karadzic" and the Local Economic Development office from Loznica, and supported by USAID.

His time in Trsic heavily influenced all of Vuk's work. It was here that he really 'finished his universities' and that he developed his impeccable and subtle feeling for the purity of the Serbian script. According to one Serbian writer, the Serbian people owe him, this self-thought genius, more than they owe to any academic institutions. He was a pioneer in many areas of Serbia's cultural history: he compiled the first collection of traditional Serbian folk songs and tales, and he created the first book

compiling Serbian grammar rules as well as authoring the first dictionary of vernacular Serbian. More than anyone else, he made Serbs realize that, in addition to their splendid heritage of high-medieval civilization, they also had a rich and humane folk culture of which any nation could be proud. He also reminded Serbs that after the long centuries of separation from Western Europe under the Ottoman Empire, they were rejoining the West not as empty-handed barbarians but as an old and historically experienced people with gifts of beauty and universal value to offer.

The Ethno complex in Tršić is now a complete "museum village" with traditional rural facilities, artisan's workshops, watermills and other traditional objects of pastoral life. The pride of the complex is the 'Saboriste' with an amphitheatre for cultural events, and since last year, three renovated artisan houses, giving Trsic a permanent attraction to draw the ever more demanding 21st century tourists. The first artisan house called "Vuk and Science" is home to a full database of Vuk's extensive accomplishments. The second dubbed "Vuk's Festivals", offers a comprehensive history about all Festivals celebrated in honor of Vuk to date. The third is a workshop in which visitors can try their hands at making traditional handicrafts using methods proven over time. To increase the tourism potential of this important Serbian cultural landmark, USAID, through its Municipal Economic Growth program, provided funding for the physical reconstruction of these



A realistic Vuk Karadzic stars in an open air play.

artisan houses, while the municipality of Loznica undertook the revitalization of the rest of Tršić. USAID also funded the production of promotional materials and the design of a new municipal website to let visitors from around Serbia and the world know about the attractions of Vuk's hamlet.

"The idea was for Trsic 'to live' year round' by offering content that would not only attract visitors but also extend their stays" – says Ljiljana Nikolić, Head of the Local Economic Development office from Loznica. This project has to be viewed as part of the broader story, that of local economic development, since the intention of USAID and that of the municipality is to promote Trsic as a tourism destination that will attract visitors

with its modern offering, but also investors that will contribute to the creation of new jobs. One investor has already expressed concrete interest in investing 1.5 million EUR to build a hotel in the immediate vicinity of the ethno complex, which will create 25 jobs. Two ethno restaurants have already opened and have given jobs to 12 Loznica residents.

After having traveled much of the world, Vuk wrote about his abundant natural beauty of his birthplace, "I was born and grew up in Serbia, and I have not seen a country more beautiful than Serbia and a town more beautiful than Trsic". USAID, in cooperation with the municipality and the Cultural Center from Loznica, is making sure it stays that way.

Global Experience Helping at the Local Level



Great product but bland packaging - old blueberry packaging.

USAID's Agribusiness Project helps arrange informational exchanges between representatives and experts of foreign companies, agribusinesses and associations with their Serbian counterparts. Agricultural producers and processors, like any other business people, need to combine a knowledge of new technologies and market requirements with their potential and experience in order to successfully find new buyers and get maximum value for their hard work.,

One such exchange included the visit of Mr. Rafael Godoy from Chile who recently visited Serbia. Mr. Godoy is the inventor of a technology that en-

ables raspberries to stay fresh for up to 14 days after being picked. Besides presenting procedures for applying his technology and explaining its advantages, Mr. Godoy outlined best practices and experiences gained in Chile to a group of Serbian companies and cooperatives that are engaged in sales of fresh berries.

Samples of fresh raspberries, prepared during his visit, were distributed to potential partners in Germany, England and Russia where they received the highest grades and a "green light" for regular shipments has been given for next season.



Definitely more appealing - USAID project helps in package redesign.

“Serbywood” Here We Come!

Serbia renewing status as filming destination

Back in the early 1980s, Yugoslavia ranked as one of the top destinations for overseas film productions. During that golden age, Serbian film production companies thrived from their participation in these productions. Over the past several years, the motion picture industry has increasingly been looking to Eastern Europe as a destination for film production. The Serbian industry is seizing this opportunity, after a 20-plus year hiatus to position itself as a competitive location—leveraging the country’s talent and comprehensive film service resources.

USAID’s Competitiveness Project conducted an analysis of twelve sectors of Serbian industry late last year and identified the film industry as one of the sectors with the greatest potential. Revenues in 2006 were almost 400% higher than in 2002, and there is increasing interest from foreign film and commercial production companies. Serbia is cost competitive in the region with regard to labor and other services. Skills are strong and relatively inexpensive in Serbia, and although much of the talent in the industry left during the war period, many have returned, contributing skills in special effects and marketing/networking.

To support this, USAID is

engaging in activities that promote the Serbian film industry, including participation at appropriate industry trade shows and events in order to increase international awareness of industry capabilities and promote a positive image of filming in Serbia. As one of its first major activities in film, the project supported the participation of three production companies from Serbia – Art and Popcorn, Testament Films and Dream Company – at the Cannes “Marche du Film” festival and the “Producers Network” which attracted 500 top industry professionals from around the world.

“Serbian film producers did an incredible job in presenting their potential and Serbia’s advantages in Cannes and the results exceeded expectations”, says Ana Ilic, Sector Specialist for film and production at the USAID Project. During this event, the Serbian production companies made numerous contacts with US and European producers, and greatly increased awareness of Serbia’s capabilities as a filming loca-



Rachel Weisz skateboarding during filming of *Brothers Bloom* in Subotica.

tion. In the process, they struck deals with companies from around Europe to undertake joint TV productions, co-produce films and to promote and distribute Serbian films abroad. American 3D animation company Sugar Film Lab also decided to outsource some of its work to students of the University of Nis’ Electronics Faculty. These agreements are expected to result in 16 million Euros of investment for Serbia in the next few months.

Several foreign film producers are currently considering Serbia as a filming location and the project is working with local production services companies to develop and implement promotional strategies that will bring more foreign film productions to the country, resulting in increased revenue, jobs, and contribute toward a better image for Serbia.

The potential of the Serbian film industry has been further demonstrated with the recent decision of River Road Entertainment to film a modern day version of Shakespeare’s “*Coriolanus*” in Serbia. Ralph Fiennes will direct and play the lead in the film and was part of a group that evaluated Serbia as a location for shooting this film in July. The film is a tragedy based on the life of the legendary Roman leader, Gaius Marcus Coriolanus in modern times. Filming will begin in March 2009.

“What this means for Serbia is about \$10 million in direct investment, and almost unlimited free publicity around the globe as viewers of the movie will see Belgrade and Serbia in a major Hollywood A-list production”, says Ana Ilic who leads the film and production sector in the USAID Competitiveness Project. This USAID project worked closely with the Serbian film production company “Work in Progress” to secure this project for Serbia. Ralph Fiennes and Producer Frank Hildebrand were impressed with the diversity of locations available in Belgrade and the professionalism of “Work in Progress”.

‘Tasty’ Sales for Serbian Food Producers in New York

Serbian companies impressed buyers at the “54th Summer Fancy Food Show” held in New York this summer to the tune of more than \$5 million in contracted sales. Serbian companies supported by USAID’s Agribusiness Project, the Serbian Investment and Export Promotion Agency (SIEPA) and the Serbian Ministry of Agriculture, presented Serbia’s forest mushrooms, famous raspberries, fruit jams and juices and other top quality products at the “Natural Serbia” exhibit. Foodland, Igda impeks, ITN, Jugprom, Marni, ML Company, and Sicoberly were among the USAID Agribusiness sector companies who participated at the Fair. The Fair hosts thousands of exhibitors from around the world

every year and attracts approximately 20,000 attendees from specialty food, gift and department stores, supermarkets, restaurants and other related businesses. Organized by SIEPA, the Serbian Ministry of Agriculture provided financial support for the exhibition and the USAID Agribusiness Project provided technical assistance to prepare the companies for doing business in the U.S. as well as organizing meetings during the show with potential buyers.

Five international fairs supported by the USAID Agribusiness Project held since February have resulted in \$36 million in expected sales for Serbian agricultural companies of which \$6 million has already been delivered. The USAID

Agribusiness Project provided support to Serbian food producers to participate at the “World Food Moscow” fair which recently

took place from the 23rd to 26th of September. The Moscow Fair results should add at least another \$19m to that total.



Promoting Serbian foods in New York.

More Choice in Collecting Debts is Good News

Only one of every 100 dinars of debt is collected in the current system



Debt collectors, coming to a debtor near you.

Unfortunately, the functioning of the debt collection system has not yet been one of Serbia's reform success stories. This has serious negative consequences for consumers. Collection rates of 1.16% compare to rates of 35% in many regional countries, such as Macedonia, Bulgaria, and Hungary.

"Most consumers do not care about how well debt collection works, but they should," commented Branko Radulović, Assistant Professor at Belgrade University Law Faculty. "Dysfunctional debt collection systems foster irresponsible conduct that harms responsible consumers, businesses and the economy.

ford but refuse to pay their bills."

With poor prospects for enforcing defaults, retailers are reluctant to allow installment purchases for cars, appliances, and other consumer goods; higher risk and collection costs mean banks and credit card companies are unable to issue loans and credit at rates comparable to European standards; and businesses' inability to enforce contracts discourages economic activity and growth, reducing Serbia's competitiveness and hindering expansion of a strong middle class.

The diagnosis is bleak but, fortunately, a solution is on the horizon. The Ministry of Justice and

With Serbia's current low collection rates, terms of credit are much worse than they otherwise would be and utility and other bills all include substantial, hidden surcharges to cover those who can afford

other key experts have picked up on the urgency of the situation, prioritized reform, and set in motion a process to bring Serbia's debt collection system up to international standards.

With assistance of the USAID Bankruptcy and Enforcement Strengthening Activity, seven Serbian experts visited Bulgaria to observe its parallel system of enforcement professionals, who work under close Ministry of Justice supervision.

"We saw that in Bulgaria, when reforms were being discussed, people were concerned that licensing non-court personnel to perform enforcement would lead to abuses and disorder. The reality has been professionalism, efficiency, and wide satisfaction from all sectors, with minimal problems. It was actually the previous lack of an effective, regulated system that fostered abusive practices," said Judge Snežana Andrejević of the Supreme Court of Serbia, a member of the group visiting Bulgaria.

Improved collection is not an economic cure-all but the experience of other countries shows it has had a substantial positive impact on the business environment, and more importantly, it can provide

an incremental step towards improving living standards and financial security for a country's citizens.

"If our bank could collect 30% of defaulted debts, which is the regional norm, this would mean substantial cost savings and risk reduction that would flow directly to consumers and businesses in the form of easier access to credit on better terms, including lower interest rates," said Aleksandra Miroslavljević, Head of Workout Department, Raiffeisen Bank a.d. Belgrade.

"The Serbian Ministry of Justice deserves credit for pushing this significant issue to the front burner, and issuing a decision to establish a formal law drafting committee to prepare new legislation by the end of September. That committee is now working to meet this deadline with something that will be good for Serbia," commented Milo Stevanovich, Bankruptcy and Enforcement Strengthening Activity Chief of Party.

Ineffective collection is a losing proposition for both businesses and consumers.

Fortunately, a course has been set in the right direction.

"One Man's Trash is Another Man's Treasure"

It's happened to everyone. Driving along admiring Serbia's abundant nature and then—there it is—rather than the sight of clean, mountain water flowing over the rocks—suddenly the view is of plastic bottles, bags and other rubbish stuck in bends and dangling from trees lining the stream. If

Serbia's 'green' entrepreneurs have their way, however—this will someday be a sight of the past.

These business-minded people see dinars in discarded plastic. And, it isn't just entrepreneurs who are catching on. Municipalities like Krusevac have also started looking at

trash in a whole different way. It costs a municipality money to dump its refuse in a landfill. And, landfills only have limited capacity. By separating things like plastic, aluminum, cardboard and glass that can be reused from the other rubbish, it is possible to kill two birds with one stone—reducing the

cost of disposal and bringing in income by selling those materials to companies that recycle them into new products.

Nikola Kotur's company "Nikolo" attacks the problem of plastic waste from another angle. Each time a plastic product is made, small excess pieces of plastic wind up on

The best part about recycling is that it can be win-win for everyone. To illustrate this, take the case of a plastic bottle:

First scenario:

- 1) Plastic bottle is made from non-renewable petroleum
- 2) It is sold to a company that fills it with liquid
- 3) Consumer buys it and drinks liquid
- 4) Consumer throws it in the garbage (or even worse in nature)
- 5) Trash is picked up and put into a landfill.
- 6) Bottle sits in landfill for up to a thousand years.

Second Scenario:

- 1) Bottle is made from recycled materials
- 2) It is sold to a company that fills it with liquid
- 3) Consumer buys it and drinks liquid
- 4) Consumer puts bottle in recycling container

5) Bottle is collected

6) Bottle is sold to a company that recycles it

7) Reconstituted bottle is sold to a drinks manufacturer

8) Bottle is filled and sold....(process is repeated).

The Second Scenario is what is known as a closed loop. And, besides the numerous advantages for the environment, what once cost money—now makes money and creates jobs! Through its recently closed Community Revitalization through Democratic Action program, USAID has worked with numerous entrepreneurs and municipalities at different stages in the recycling process.

Success from Southern Serbia

For many, the first images and impressions that spring to mind at the mention of southern Serbia are large numbers of unemployed people, political instability an under-developed region and the Coordination Body. What is commonly overlooked is the pristine nature, set against the backdrop of picturesque landscapes, which offers rich soil perfectly suited for cultivating agricultural production. If the owners of Natural Food from Bujanovac have their way, people will soon think of southern Serbia for its great natural products.

Authentic Recipes made from Organic Products as of Autumn in Belgrade

Natural Food specializes in collecting, processing, and packing mushrooms and wild fruits. Currently, the majority of the company's revenues derive from exporting high-quality, forest mushrooms (*Boletus edulis*) that thrive in Bujanovac to Austria, Italy, and Germany. In 2008, by utilizing a USAID assistance grant of \$20,000 in conjunction with their own resources, the company plans to boost their champion mushroom production capacity by building three more refrigerated "grow rooms". The company employs 15 people, on a permanent basis, and engages over 1,200 workers during high season.

"The strategic plan for our company is to maintain our leadership position in our



Unique mushrooms from Serbia fetch high prices on Western European Markets.

target markets and to expand into new markets, such as Belgrade, where we will develop new product lines that include jams, syrups and dried and frozen fruits," said Oliver Varagić, the company's owner. As of this autumn, Belgraders will be able to enjoy all of the delicacies of Natural Food's products, as the company plans to

open a retail and distribution center in Novi Belgrade (at Block 38). Consumers can take comfort from knowing that all of Natural Food's products are made according to authentic, old recipes and include the finest natural ingredients that are prepared without any additives or preservatives.

the factory floor. Once swept up, these discards can go in the trash, or can be re-processed into more products. That's where Nikola comes in.

Nikola is a model for Ser-

bia's new 'green' entrepreneurs. At the age of 27 Nikola turned his small business into one of Serbia's rare companies with a closed recycling circle. Plastic waste he collects from

producers is being processed into new products, mostly bottles for chemical products and caps. To support this effort, USAID provided him with \$25,000 worth of recycling equipment he needed to expand his production. Today, his unique recycling factory employs ten workers, while creating additional opportunities especially for vulnerable groups, through the plastic waste collection network established in cooperation with partners throughout the Rasina district.

Recently, Nikola told us that business has been picking up, and he now exports to Croatia, Slovenia, Bosnia and Macedonia. His profits are also two and a half times up on 2006. As a way of saying thanks to the community, Nikola has built a small park next to his recycling plant. Once a bit of wasteland where people dumped trash, he has transformed it into a playground for children called "Carica Milica". And, for each ton of plastic he recycles—he plants another tree. Recently, he has started to invite school-

children to come and play in the park and also to learn in an interactive environment about the benefits of recycling.

Overall in that region, USAID's Recycling & Employment Alternatives Program partnered with 13 municipalities in south-central Serbia to undertake 19 recycling projects at a total cost of over \$600,000 (\$430,000 USAID/75,000 local contribution). These projects for: Municipal collection of recyclables; plastic processing; reusing wood scraps and the recycling of other products have not only helped the environment but have also helped to create jobs.

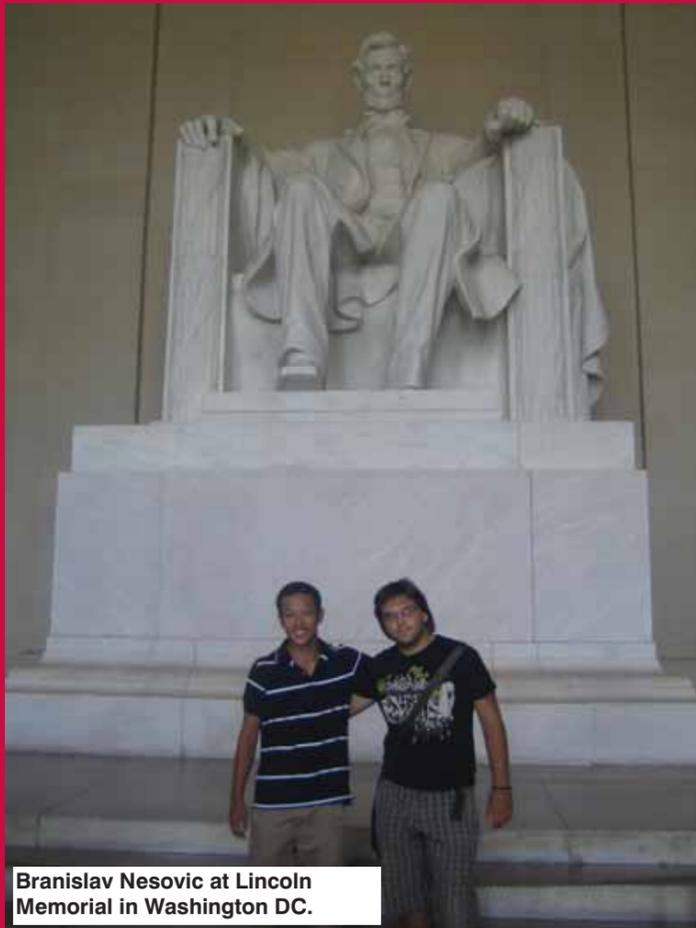
As other entrepreneurs follow in Nikola's path, the result will be more jobs, less trash and one less milestone to achieve in preparing for EU accession. Nikola feels that business will improve much more for him once legislation related to waste collecting and recycling is passed. In the meantime, his park grows one tree at a time. You can read about Nikola's company at: www.nikoloplast.com.



Nikola Kotur turns the waste behind him into the products in his hands.

Serbian “Ambassadors” go to America

Students Get a Taste of Life at U.S. Universities



Branislav Nesovic at Lincoln Memorial in Washington DC.

for the school year ahead. They are excited to be representing Serbia in the U.S. and are eager to learn more about American culture and the American university system:

Branislav Nesovic, who is studying at The American University's School of International Service in Washington DC, says that as a student of International Relations, “there is no better place to spend a year than in DC, center of politics, foreign affairs and numerous international organizations.” He has been surprised by how interested his fellow students are in learning more about Serbia and the Kosovo issue. “Since I am originally from Kosovo, I try to help them to understand it better.” Branislav is also enjoying being in DC as the US presidential race heats up, “It is great to hear American students’ perspectives on how they see the future president and the major issues of this campaign.” Branislav reports that even with lots of reading to do for his classes, which he enjoys for their interactive nature, he is still taking time to explore Washington DC, which he says reminds him a lot of some of Western Europe cities. About the program, he says he will try to take the most he can from his courses and share it with his fellow colleagues back in Serbia. “I already feel great impact from this kind of education and cultural sharing,” he says.

Stefan Goranovic who is studying journalism and linguistics at Illinois State University wrote to us that he is already really enjoying the high degree of interaction between professors and students and really feels like he is fitting in: “I had never expected so warm a welcome - from professors, non-teaching staff, Americans and host families.... I think I am very well accepted here and the only things that I miss here are my family and friends.”

While Nikola Bakovic who is now at the University of Missouri is taking his studies of

history seriously, he is also committed to succeeding in his role as a cultural ambassador: “I use every possible chance to present my country to the other nations. For that reason, I brought a couple of Serbian flags, photos from Serbia, promotional T-shirts and similar.”

Dragana Ristic, who normally studies at the University of Kragujevac, is studying English Language and Literature at Elizabethtown College in Pennsylvania. Dragana wrote to us before classes even began that she has been kept busy with orientation activities, extracurricular activities and getting to

know the small town where her university is, “I'm really excited about my staying here and I'm sure it will be a great experience!”

Finally, Dragomir Milovanovic who is studying Biochemistry at the Indiana University in Pennsylvania wrote that he has been adjusting to taking care of administrative responsibilities in an American way, “Actually, it's much simpler.” So far, he's been trying to make his dorm room feel comfortable by personalizing it a bit after having felt like he had been “thrown into some movie” when he first entered an empty

room and realized he'd be living there for a year. At the time he wrote, he was waiting to see what his new roommate who hadn't yet arrived would be like.

These students, like students for more than half a century, are benefiting from U.S. programs that support international educational and cultural

exchange programs as an investment in global understanding and peace. And, while foreign students have the chance to study and learn about life in America, it also helps Americans to learn more about foreign cultures. This particular program, the FORECAST Exchange, covers all of the costs for students to spend

one year of undergraduate studies in the United States. The students apply for the program through World Learning/Serbia that is implementing this program for USAID and are selected according to competitive criteria. For more information about the program and how to apply, please visit: www.worldlearning.org.yu.

Serbian Professionals Get Chance to Share Experiences with Colleagues Across the ‘Pond’

During October, two of the first Community Connections groups from Serbia, “Village and Rural Tourism” and “Youth and Sports” will be landing in the United States and meeting their U.S. host organizations, the first in La Crosse, Wisconsin and the second in Charlotte, North Carolina. Ten professionals from each sector in Serbia will be working with U.S. professionals in the same fields in a local U.S. community for three weeks to share experiences and cultures and gain insights into how their profession is practiced in the U.S. As one participant mentioned, “This will be a great opportunity to see and learn how to establish links and joint goals between the institutions in the public, private and NGO sectors, and what are the results of such links, in order to apply it in a similar cooperation between institutions in our country.”

In the first half of 2009, professional groups from the sectors of Marketing, Youth and Employment Services, Farming Associations and Cooperatives, and Municipal Local Economic Development will also travel from Serbia to the United States.

When launching the Community Connections Program, U. S. Ambassador to Serbia Cameron Munter said, “We



Community Connections group visiting Washington DC.

believe Serbia has great potential in each of these fields.” He added that he was excited by the fact that more Americans would get to know Serbia and Serbian people through this program.

Community Connections participants live with American families and have practical training opportunities in their field while in the U.S. The pro-

gram is made possible through funding provided by the American people. Participants have their expenses paid by the program. For more information about the program or to apply, please contact the program's implementer World Learning Serbia or visit their website at: www.worldlearning.org.yu.



Students from Nis, Belgrade, Novi Sad and Cacak with fellow students in Tennessee.

As you are reading this, 36 students from all over Serbia are completing their first month as students at universities in the United States thanks to a student exchange initiative funded by the American People. The exchange program has been expanded owing to the success of last school year's program when 21 Serbian students attended American universities. Those students excelled academically while also making great strides as unofficial “ambassadors” for Serbia.

Last year's students returned to Serbia full of praise for their time studying in “the States.” Asked about their experiences, their comments said it all: “This was a life experience for me. I would never change it for anything in the world. I got a lot of knowledge and experience but what was way more important for me is

that I met some great people,” said one student. Upon her return another student emphasized that she would try to apply what she learned now that she is back in Serbia, “I made myself better in every way during the stay in the US and I believe that through advancing myself I will have the chance to contribute to my society wherever I get the chance to do so.” This was a common theme with returning students, as another noted: “I will be able to use the knowledge and abilities gained during this program in my future job as someone who is going to use English daily in his career, this experience will give me the advantage in job interviews and applications.”

We got in touch with this year's students soon after they arrived in the U.S. and it is clear that they are beginning to settle in and also have high hopes

Loznica - Leading Growth in Western Serbia

An interview with Loznica Mayor Vidoje Petrovic



Loznica Mayor Vidoje Petrovic.

Loznica is well on its way to achieving its vision of becoming an economic, tourist and cultural center of western Serbia and a desirable place for people to live and work. "New projects have already been prepared, many important things have not yet been reported in the media, but I am confident that Loznica will become a leader of this part of western Serbia. Today, it's a developing city which is growing day by day. Young people are coming back and we want to provide them with institutional support through our Youth Office, and with local government funding, we want to take on a number of interns," says Mayor Vidoje Petrovic.

The Mayor points to the building of the pedestrian zone, sports fields and playgrounds, a municipal swimming pool and local roads and bridges in rural areas as concrete examples of projects that have been finished and are now noticed and enjoyed by Loznica's citizens. The Mayor proudly mentions the Citizen Assistance Center as another step in improving the quality of services for all citizens, "By forming our Citizen Assistance Center with the support of USAID, the quality of public services increased by 100%. There is no more queuing, going to the post office and then back.... Everything is done in one place in a couple of minutes. All our departments are represented in the CAC and cit-

izens can obtain information and all needed services in one place."

The biggest achievements of Loznica are definitely in the field of economic growth. "We came up with 61 projects proposals in the area of Local Economic Development. When the new National Investment Plan's request for proposals was announced, and thanks to the action plan we prepared in cooperation with USAID's MEGA program, we applied for funding for numerous projects. Twenty-eight projects worth 11.2 million Euros were approved. The industrial zone, local roads, gas distribution system and the reconstruction of the library are just some of the projects approved for funding from the National Investment Plan. Also, the arrival of Golden Lady, a company which will create 1,000 new jobs has been really important for us", explains the Mayor.

"By forming a Local Economic Development Office and through professional development of its staff, which is a joint program between USAID and Loznica, a team was formed to work on recruiting investors, the preparation and implementation of projects, promotion of credit lines from the Development Fund, cooperation with businesses and marketing. To date Loznica has acquired 270 loans from the Development Fund, many projects were implemented and many projects are ongoing," the Mayor explains.

What is the Municipal Economic Growth Activity (MEGA)?

The Municipal Economic Growth Activity is a local economic development project which started in October 2005. The purpose of the project is to develop the skills of local governments and local business groups to foster economic growth and job creation, assist them to put these concepts and skills into practice, and to create a business friendly environment where the local private sector might flourish.

The goal of this activity is to help local governments:- Create new jobs;- Establish new businesses;- Attract investments;- Establish Private-Public Partnerships.

Municipalities already working with the MEGA Program have achieved considerable successes thus far: 350 million Euros of direct investments realized in 2006 and 2007; approx. 6,000 new jobs created and 270 new businesses established.

But just as importantly, Loznica has built a positive image of itself. "USAID organized study tours, and enabled us to attend foreign trade shows which helped us gain useful experience pertinent to local government matters," he says.

The Mayor acknowledges that efficient communication with the private sector was something that was missing before. "The establishment of a Business Improvement District zone contributed to more intense communication with entrepreneurs and better overall cooperation with them. The future of our city shall be changed by the Industrial Zone which should provide around 3,500 new jobs. USAID's assistance was significant – starting from continuous consulting services, attracting investors, to providing a grant for the construction of a water supply network," says the Mayor.

In two years time, the number of unemployed people in Loznica according to the National Employment Agency decreased from 15,782 (February 2007) to 11,987 (July 2008). In the period 2005-2008 Loznica

created new jobs for more than 1,369 citizens and made large-scale infrastructure investments that it needs to attract new investments.

What counts the most is the opinion of citizens. Here is what Snezana Alimpic, secretary in a big transport company told us: "In the past 4 years we have renovated our hospital, we got a new pedestrian zone, and now I can take my child for a walk with no problem. The majority of the streets in the city have new asphalt which is very important for the city traffic. We have built a new swimming pool, something we never had before. The new pool will also increase employment opportunities. Infrastructure, water supply system, street lighting, parks for children – all these things have been reconstructed. I hope that I'll find a better job tomorrow and that my children will find their place here. I hope they won't need to go to Belgrade or somewhere even farther to search for jobs and a better life. People are more optimistic now because we finally see that things are changing for the better."



The future is bright for the children of Loznica.

Corporate Social Responsibility Catching on

Corporate Social Responsibility (CSR) is an often mentioned concept, but not everyone is clear about what it means. Simply put, it is the idea whereby companies consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. It is also a process by which companies may work together with various social stakeholders who may or may not have a significant impact on their businesses to fulfill not only their civic duties, but to go beyond this to help meet the needs of the community.

Sounds too good to be true?

Companies in the United States and Europe realized long ago that happy and healthy workers and good relations with the community in which they work, live and sell their products or services does not go unappreciated. These companies realize that they benefit in a variety of ways by operating with a perspective broader and longer than their own immediate, short-term profits. By being a good neighbor, a company's reputation is enhanced. And, with all other things being equal, people would rather buy from a good neighbor than an uncaring one.

It is encouraging to note that companies in all sectors in Serbia recognize the need to build stronger ties and it is certain that there is space for a new, strategic and long-term alliance of socially responsible companies. After all, well-planned strategic and coordinated efforts can have far greater impact than one-off, ad hoc efforts by individual companies or organizations.

This project is implemented by the Balkan Fund for Local Initiatives in cooperation with USAID and the City of Belgrade. Details of how to apply, and application forms are available on the official webpage for the Award: www.bcif.org/virtus

This is why SMart Kolektiv, as a key organization dealing with corporate social responsibility in Serbia, with the help of the Institute for Sustainable Communities and USAID, is helping companies to go beyond the limits of the corporate social responsibility by opening up opportunities for new alliances.

One such initiative is the recently founded "Forum of Business Leaders of Serbia", which created the first alliance of socially responsible companies in Serbia. These companies have shown that they are ready to integrate social, ethical and ecological factors on a voluntary basis, and to further improve society through cooperation with non-profit organizations, state institutions and other interested parties. "We expect this to be the golden age of philanthropy in Serbia. We cannot say that those who have money do not have the interest to show that transition is not a move to a more cruel society, but a move to a society of solidarity where the private sector will pay attention to the local community and its citizens", said Vice-President Bozidar Djelic at the inaugural meeting of the Forum.

Serbian Companies taking a leading role

At last year's VIRTUS Awards for CSR, foreign and Serbian companies were both recognized. Alfa-Plast from Temerin was the winner in the Small and Medium Enterprise category. Alfa-Plast supports a local NGO 'Vodomar 05'; together with them and in cooperation with the Red Cross they marked October 17th, the World Food Day in Temerin. As part of this celebration, they set up a stand in the Temerin market place where all the good will people could make contributions and help their most vulnerable citizens. The collected contributions



Companies teaming up with NGOs - Young Ecologists at an 'Eko' camp.

were redirected with the help of Red Cross to the people who needed them most. "The presentation of the Virtus Awards is an important event for all citizens, because it is about selecting the best of the best among those companies which do good for other people. We have worked for a long time on the development of philanthropy, which did not disappear in Serbia even in the most difficult times. The for-profit sector makes considerable investments, but many of those remain hidden. This is the reason why we introduced the Virtus Award, to promote those companies that worked for the benefit of all, but also to serve as an example to other companies to do more in this respect", said Svetlana Logar, a Balkan Community Initiatives Fund representative.

Alfa-plast wasn't alone in showing that Serbian companies are ready to lead the way in CSR; broadcaster B92 won the overall award for efforts like supporting the establishment of a "Safe House" for abused women and organizing blood drives. Hemofarm was also recognized in the category "Long-term Partnership Between Business and Non-profit Sector" for their work in supporting the community of Vrsac. Foreign companies operating in Serbia, like Holcim and Esrte Bank were also recognized for their innovative projects.

Women and Financial Planning: Why Is It Important? Less Women Save, but Those Who do Save More.

Many labor market differences have been documented between men and women, including which occupations they traditionally choose, employment rates, job tenure and pay. Yet, little is known about gender differences in views on retirement objectives and retirement saving.

This is an important issue in Serbia where, percentage-wise, women in Serbia are more likely to be employed in occupations requiring lower skills and less education, and subsequently have lower earnings. As a result, many women are less prepared financially for retire-

ment than men because their pensions are based on their lower earnings during their working lives.

The latest report of the Private Pension System published by the National Bank of Serbia shows that so far 91,932 men are participating in the system while only 55,680 women take part. As more men participate, the amount of money accumulated by men is higher at 2.2 billion RSD, while women only accumulated 1.5 billion RSD. Interestingly, though, Serbian women are better savers than men. The average amount in individual private pension ac-

counts held by men is 24,155 RSD while the average for women is 36,860 RSD.

Nevertheless, the number of women covered by the private pension system is still very low. Developing an adequate financial plan is very important for women, given their longer life expectancies and greater chances of becoming widowed.

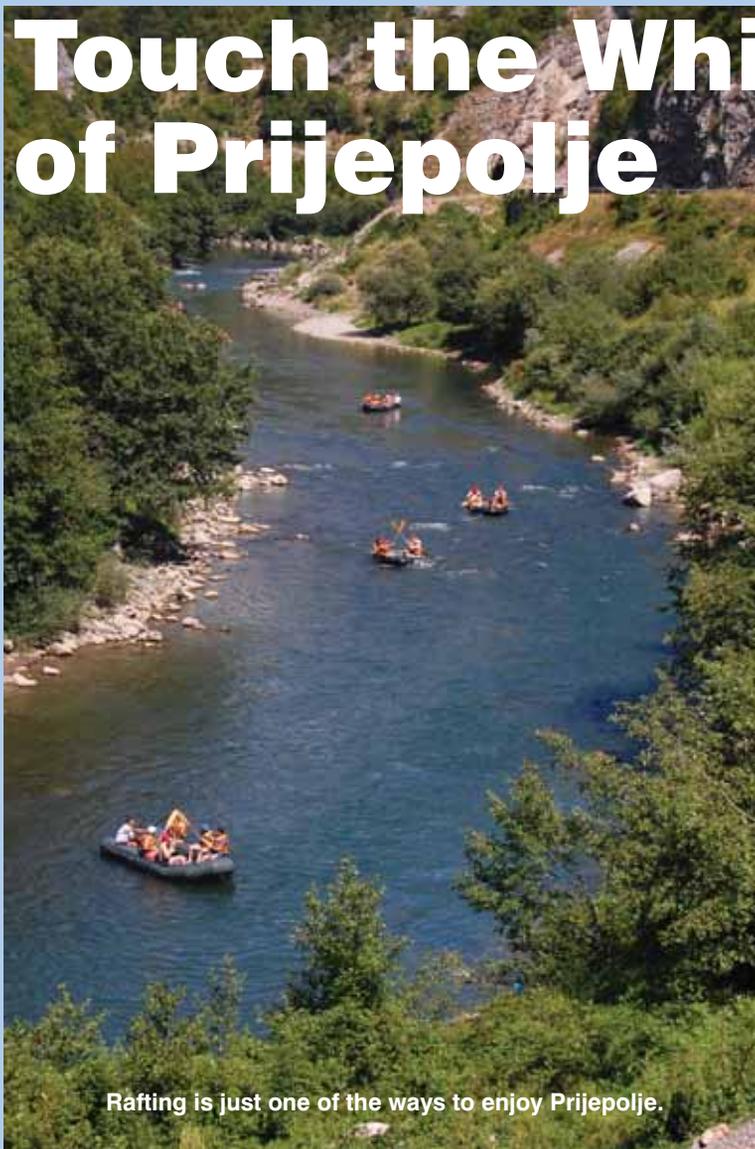
The National Bank of Serbia is conducting private pension funds supervision in order to ensure safe and stable saving



After working a whole lifetime, retirement should be a happy time.

environment. USAID is supporting the National Bank to employ modern supervision techniques to enhance the security of pension savings. For more information on private pension funds, savings and retirement options, citizens of Serbia can visit the NBS web site www.nbs.yu or call the NBS information toll free number: 0800-111-110.

Touch the Whiteness of Prijepolje



Rafting is just one of the ways to enjoy Prijepolje.

Springs of life, spirituality, adrenalin and fun are four of the attractions that Prijepolje and its surroundings have to offer to the world. The hills around the town hold something for everyone: mountaineers, adventure seekers, scouts, explorers and other nature lovers. The promotional slogan chosen by the Municipality "Touch the Whiteness of Prijepolje" captures the essence of its tourism potential. Well-preserved nature, picturesque landscapes with attractive waterfalls and watermills, beautiful meadows, the famous 'White Angel' fresco and friendly, hospitable villagers are all sure to capture any visitor's heart.

Having previously been known for its developed textile sector, the closings of many of its factories and the resultant job losses have forced Prijepolje to look for creative ways to reinvigorate its economy and create new jobs. One of the sectors where Prijepolje hopes to do this is through tourism, and it has been working on many fronts to make this a reality. To assist the Municipality with its efforts, USAID's Economic Security pro-

gram is helping Prijepolje's tourism industry to strategically prepare for and participate in Tourism Fairs. At the same time USAID has provided training and study tours for rural accommodation providers and has made some assistance grants to help improve the quality of facilities for visitors.

Belgraders say their vows in Sopotnica

Among the first to uncover the natural beauty that Sopotnica offers were alpinists, who in their quest for new discoveries became enchanted with the charms of the region. Ljubinko Tmušić, one of the rural accommodation providers from Sopotnica (17km from Prijepolje) remembers when this happened: "Branka, a mountain climber, brought the first visitors to Sopotnica twelve years ago. At that time the area was much less developed. Now I have more guests, even international guests," says Ljubinko, whose house sits 900m above sea level. He jokes, "If I only knew then that there was a future in this business, I would have in-

vested in accommodations, rather than tractors." Mr. Tmušić received a silver medal for his homemade pear rakia at the 2003 International Agricultural Fair in Novi Sad. Full room and board service at Ljubinko's costs 1200 RSD per person per night and includes unlimited rakia and homemade specialties, such as buckwheat pie, sausages, sour cream, kajmak along with a vast assortment of other culinary delights

Few can resist the beauty of the of the Sopotnica and Prijepolje's surroundings. A couple from Belgrade recently decided to host their wedding ceremony in an unfinished small church adjacent to the Mountaineers' cabin in Sopotnica. All 70 guests had a great time rafting down the Lim River in a "Wedding Regatta". For the many guests that come to Prijepolje to visit the Monastery Mileševo, which houses one of the biggest cultural treasures of not only Serbia, but arguably all of Europe, the fresco of the "White Angel", a visit to the museum of Prijepolje is also a must see. Since autumn of last year, a permanent exhibition pays homage to the hometown basketball legend, NBA star Vlade Divac . "From Sept 2007 to July 2008, the museum has been visited by over 7,000 individuals, most of whom were foreigners," said Slavoljub Pušica, the museum director.

Mt. Everest climber from Prijepolje guide European Students

Dragan Petrić, vice-president of Mountaineers club "Kamena Gora" and Ilija Andrejić, both

alpinists from Prijepolje that managed to scale Mt. Everest in 2007, currently work with the Tourism Office to organize individual and group tours for various sports activities ranging from mountain hiking and mountain climbing to paragliding and river rafting. This summer, the two alpinists guided a group of foreign exchange students from 11 countries down the Lim River. Students from Spain, Russia, Slovenia, Italy, Greece, Czech Republic, Holland, Ukraine, Poland, Belgium and Germany arrived to Serbia through the European student organization AEGEE's summer program and spent two weeks in Serbia. "We are hosting 31 students this year," said Nikola Miladinović an AEGEE member from Belgrade and added that, "Every night at the Mountaineers' cabin we hang-out and learn about each others customs."

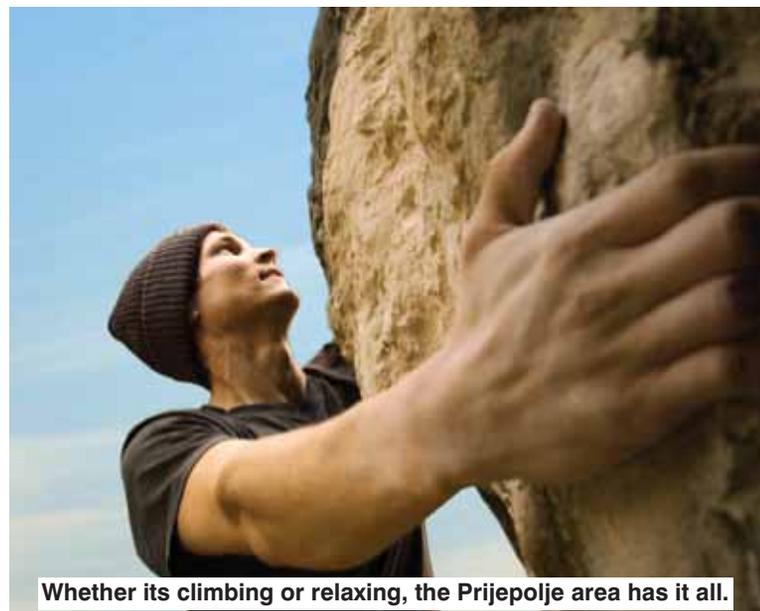
"I like the Balkans and many people had recommended that I come here," says Jyrka from Czech Republic. "My best experience so far has been river rafting. Next year I'm planning to come again to Serbia and go to the Guča festival." Carlos from Spain, on the other hand, was most impressed by Sopotnica.

To learn more about Prijepolje and the excitement that it offers, please visit the Tourism Office Prijepolje's website:

www.turizamprijepolje.org.yu, Sopotnica's site:

www.sopotnica.org.yu, and the Tourist Organization of Serbia:

www.serbia-tourism.org, which now offers a tourist package for Prijepolje in its catalog.



Whether its climbing or relaxing, the Prijepolje area has it all.

Novi Pazar journalists build cultural bridges

Presenting Cultural and Religious Treasures to Promote Tolerance



Zoran Maksimovic interviews Ramiz Efendija Hamidovic in front of the Sultan Valide mosque in Sjenica.

A group of young and ambitious journalists and media workers from Novi Pazar has launched a new series called "Riznica". The series focuses on the rich cultural-historical heritage to be found in the traditions, both in the religious and day-to-day lives, of the two ethnic groups living together in Novi Pazar and that region. The series consists of eight shows which use cultural-historical sites, including the oldest Serbian Orthodox monasteries and historically important Islamic mosques located in southwest Serbia, to highlight traditions. Two of the shows are about creative folk music and feature choirs which perform Islamic spiritual music and traditional Serbian songs.

"Through the shows we are making, we are trying to present the riches of the mixture of the two cultures which exist in this territory. We are also trying to bring a better understanding of Serbian culture and traditions for Muslims, and Islamic cultural-historical heritage for Orthodox Serbs, as well as promoting the messages of tolerance which are

imparted by both religions", says the writer of the series, journalist Zoran Maksimović. He also points out that the series is a part of a wider project entitled "Cultural-historical heritage in the service of tolerance", which is supported by USAID through its media support program implemented in cooperation with IREX.

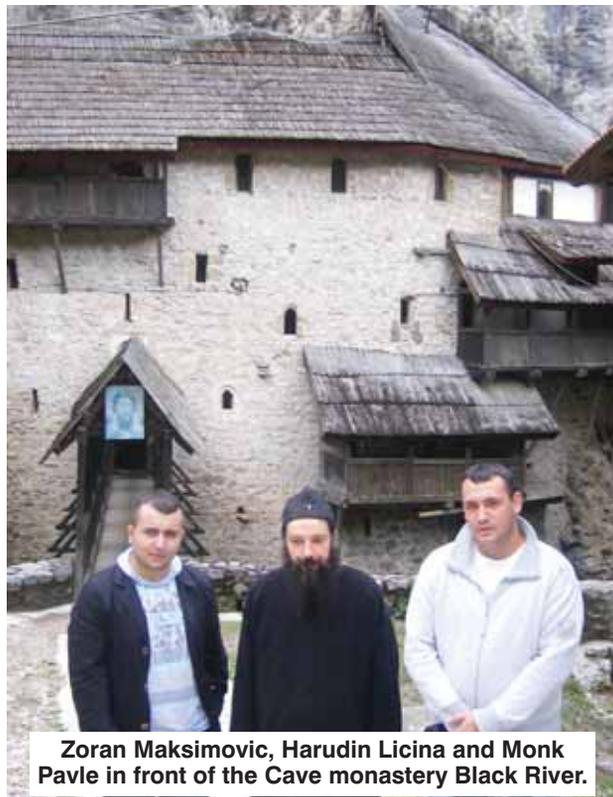
The first programs have already been broadcast on both television stations in Novi Pazar and have been warmly received. Regional TV Novi Pazar and television Jedinstvo broadcast the programs in primetime, while viewers can also catch rebroadcasts at other times. TV Raška broadcasts 'Riznica' throughout the region.

The programs have also been distributed to a number of other television stations in Serbia, which were interested in the series. The series will be shown by regional television station 'Super' in the Vojvodina region. TV Super's broadcasts are also available on cable television throughout Serbia. 'Riznica' also has its own web page, where the programs can be watched, as can unused footage from the shows: www.novipazar-info.com.

The first program concentrated on some of the oldest Christian buildings in the Balkans, including the Petrova Church and the famous Sopoćani monastery. The program also looked at the restoration of one of the Serbia's oldest monasteries, the Djurđevi Stupovi monastery. In the second program, the series focused on a true jewel of Islamic architecture, the Altun-Alem mosque, as well as the Arap and Lejlek mosques which are also found in the region. "The remainder of the series will consist primarily of reports about some of the extremely valuable cultural-historical heritage sites in the neighboring towns," Maksimovic noted.

Six young and creative people, who take on various roles depending on needs and possibilities, form the team who prepared this series. Once this project ends, their idea is to continue by making similar programs which would promote the richness of the differences, by focusing on everyday lives and many other themes in the Novi Pazar region.

The writer and coordinator of the project, Zoran Maksimović is a journalist at Regional Radio-Television Novi Pazar, as well as a collaborator in various other media projects in Serbia. He is very active in the Sandžak Committee for the protection of human rights. Mr Maksimović received a scholarship from the U.S. Department of State to participate in the IREX program "Religion, tolerance and community." He was the 2007 winner of the prestigious 'Laza Kostić' award for journalists by the Serbian Association of Journalists.



Zoran Maksimovic, Harudin Licina and Monk Pavle in front of the Cave monastery Black River.

Sremska TV: Keeping its Region Informed

Regional Sremska television, which began broadcasting in December 2001, is now the key informational broadcaster in its region. Much of Sremska TV's success can be attributed to the professionalism of its workers in producing informational programming. Over several years, USAID's Media Assistance Program has trained Sremska's staff on

both the theory and practice of broadcast media to enable them to produce programs that are both informative and interesting. Broadcast journalists, cameramen, editors and other staff worked hand-in-hand with trainers and put their newfound knowledge to use immediately. The results can be seen by viewers throughout their region.



Inside the Sremska TV studio.

Boots Keep You Warm, but a Hat Makes You Cool

Eržebet and Andraš Redler from Subotica have made "head decoration" their business, and through their 'Hat Shop' they are making a living and doing what they can to preserve an old craft from extinction.

Eržebet, textile technician and mother of three, was made redundant in 1994. Disappointed and upset, she swore never to touch a sewing kit again. Nevertheless, her husband and co-workers talked her into accepting an order to make custom made caps. When the job was successfully completed, Andraš and Eržebet made some initial calculations about what it would cost to start a business and came to the conclusion that they could do it with a small financial investment and a lot of hard work. They already had creativity and skills, so they set out to acquire additional knowledge from old books and the internet. They then founded their micro-business with a loan received from Opportunity Bank, a financial institution seated in Novi Sad, which specializes in helping and supporting small entrepreneurs and giving a chance to those who are aspiring to become ones.

Their designs made their first appearance in public three years ago at the Inter Ethno festival in Subotica. The Redlers say that making and selling hats is not difficult, but their insistence on going a step further and using improved techniques and natural materials distinguish their hats from those that are mass produced.

In the previous century, hat makers had shops all over Europe and in all of Serbia's major cities. Hats were not only accessories, but were also status symbols. In the United Kingdom in the late 18th and early 19th centuries there was even a 'hat tax', as it was thought that only the wealthy could afford more than one such expensive piece of wardrobe. But, times have changed, and today, as far as the couple know, there is only one other traditional hat maker in all of Serbia

Their business premises in the town center, which Subotica City Authorities allow them to use rent free as part of a program to preserve old crafts, stands as testament to the Redlers' hard work and enthusiasm. The small and colorful workshop is visited not only by people who pop in off the street, but also by many who have intentionally sought them out. All hats are unique, and can be additionally customized, upon the wishes of the

customers. Each request is a new challenge, each customer is equally important. "What is important to us is that everyone leaves our shop satisfied and with a smile on their face," says Andraš, who is aware that a happy customer is the best advertisement.

Their dedication to details and high quality has made folk dance ensembles, ethno-associations, hunting societies and sports clubs to become regular customers. Recently, a man who had searched several cities in Europe could not find a hat maker who could make the same hat as the one that he had been wearing for a decade. He then saw a similar one and found out that it had come from the Redlers' shop. He came to the Redlers and immediately ordered two hats "just in case." The couple continue to improve on traditional techniques, and are experimenting with making hats from moulds. They are always on the lookout for old tools and machines, as well as natural fabrics to create anew the old designs. Soon they will launch a website which will help them find customers far and wide. In the meantime, you can find some of their wedding designs at:

<http://www.svabarnik.com/ostalo.html>

Opportunity Bank is a member of "Opportunity International" – a network of banks and microfinance organizations based out of

Chicago, which was established in 1971 and is currently active in over 30 countries around the globe. In 2001, Opportunity was awarded a grant from USAID to establish a project to provide financing to micro and small businesses normally excluded from access to banks. The result of this project was Op-



A young gentleman and his dandy hat from the Redlers' shop.

portunity Savings Bank, founded in 2002 in Novi Sad. USAID has remained a strong and reliable partner of Opportunity Serbia ever since, and the partnership was once again sealed by the 2007 conversion from Opportunity Savings Bank into Opportunity Bank, since a significant part of the transformation process was facilitated by USAID.

Belgrade Youth Center Soon to Reopen

Reconstruction teams have been busy at 'Dom Omladine' and say they will finish their work by the end of October. The center will open once all the necessary permits have been issued. In early 2007, thousands of citizens voted online and SMS for the Youth Center to be the recipient of \$1 million in U.S. assistance. Once the Center was chosen, priorities were set on how to best use the money to improve the facility. In the end, it was decided that the money would be used to fund the reconstruction of the multi-purpose hall and a renewed façade for the 1960's era building.



For more information, please see USAID's website:
<http://serbia.usaid.gov>

If you have any questions about USAID's activities in Serbia, or any comments about this bulletin, please let us know at:
comments-Belgrade@usaid.gov

