



*The Poverty Reduction Strategy (PRS) in Serbia is a medium-term development framework aimed at reducing the key forms of poverty by creating material and other prerequisites and by providing opportunities to each person to provide the basic subsistence for themselves and their families. The PRS offers an analysis of causes, characteristics and profile of poverty in Serbia, as well as main strategic guidelines for eliminating them in the coming years. The Government of Serbia is committed to economic growth and development, for which reason the PRS activities are geared towards economic development and growth, prevention of emergence of new poverty and care for the traditionally poor groups. The final PRS document was adopted on October 16, 2003, whereas on February 17, 2005 the Government authorized the Deputy Prime Minister to regularly inform the Government on the Strategy implementation process, in cooperation with the PRS Implementation Focal Point.*

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**IVANA DULIĆ MARKOVIĆ,  
DEPUTY PRIME MINISTER:**

**How to Present People with Percentages**

Who are the poor people in Serbia? Is poor considered someone who is hungry or without a roof over their head? Is it someone who has become redundant and their occupation is not sought after, or is it someone who uses a wheelchair and cannot enter a shop due to an inaccessible entrance? Who is poorer: youth or the elderly, women or men, the unemployed, students, the Roma population, refugees or displaced persons? How many people in Serbia are poor?

When it comes to socio-economic development indicators, according to official statistical data an average salary in Serbia increased realistically more than 100% between 2001 and July 2006. The purchase power of the population increased as well – in 2001 an average consumer basket required 3.2 average salaries, whereas today it requires less than one and a half. Does this mean that there are fewer poor persons today than in the year we entered the transition process?

The perception of poverty is a subjective category and depends largely on the level of individual satisfaction with one's own opportunities, but it depends also on the assessment of one's own position in comparison to the rest of the society. It is difficult to measure poverty as such. It is logical that people find it difficult to come to terms with the lack of means and opportunities and, to give an example, one can hardly accept the poverty indicators in the way that statistics defines them at a moment when one cannot afford to go on a vacation. Objective statistical indicators tell us that, however difficult we might find it, this is not considered poverty. The same objective indicators tell us that limited access to education or health services indicates a sign of poverty.

It is very important, yet very difficult, to find objective, universal answers to these questions. Every country should have established and standardized means of measuring and monitoring poverty in order to look into it objectively as a phenomenon on the one hand, and on the other reduce it, protect the poor and mobilize poverty-related policies, regulations and measures with the aim of assisting the most vulnerable groups of population.

At the time of Miloš Obrenović, poor were considered people „with no land, and with small children“, and they could be exempted from paying taxes only with both conditions fulfilled. It is obvious that today this measure is not applicable and that the definition of who is poor has to be changed with the increase of standards. One of the main poverty indicators worldwide and in our country is the percentage of the poor population living below the poverty line.

The poverty line represents the minimum household consumption which is calculated based on the a) minimum required number of calories (2,280 calories daily for an adult) and b) the structure of the consumption of poorest households (how much is spent by those who spend the least and on what items). In addition to food-related costs, the poverty line includes other costs as well: residence, shoes, clothes, hygiene, furniture, health and education costs.

In order to properly address the requirement to monitor poverty trends in Serbia, the Republic Statistical Office has undertaken a difficult and challenging task to measure poverty and calculate the poverty line based on domestic data sources provided in the Household Budget Survey and other relevant official statistical data.

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**OLLI REHN, EU COMMISSIONER FOR ENLARGEMENT**

**Serbia, European Family Member**

Enlargement is a successful example of the EU's most powerful policy tool to extend the zone of peace, liberty and prosperity and to project Europe's values and interests in the world. This path of peaceful unification continues now towards the South East of Europe.

EU enlargement policy today is based on consolidation and conditionality. We are cautious about taking new commitments, while sticking to our existing commitments towards the countries already in the process, such as Serbia.

Requirements to join the EU are stringent and entail profound political, legal, administrative and economic changes. The capacity of the would-be members is rigorously assessed by the Commission on the basis of strict conditionality. To facilitate this demanding journey, the European Commission is assisting the countries economically, in know-how transfers and with political guidance.

In a country such as Serbia, the European integration process is coupled with the wider transition process. Therefore, it is important that Serbia has conceived its own national strategies such as the Poverty reduction which aims at an overall socio-economic improvement of the country. This objective aids also achieving the integration goal by improving the overall situation of Serbia.

The measures foreseen by the Poverty Reduction Strategy and the measures of the European Partnership should go hand-in-hand to achieve their medium-term goal of bringing back Serbia to the European mainstream. Under the CARDS assistance programme, the European Commission (with the valuable support of the European Agency for Reconstruction) has helped to restore local infrastructure and to upgrade institutions. Progress on key elements of the SAP agenda – as reflected in the European Partnership – notably public administration reform and co-ordination of economic policy – are preconditions for progress in the wider areas of economic and social development addressed by the Poverty Reduction Strategy.

The new EC assistance Instrument for Pre-Accession (IPA) will build on CARDS achievements and consolidate the process of reforms in the country.

One should however not forget that the main actors in this process are the Serbian people, the civil society, the government and the local authorities who should take the ownership of the process and demonstrate their will to make Serbia a contributor to regional and European stability, and a better place to live.

This will be done through a sustained and comprehensive reform programme strengthening the rule of law in the country and creating better conditions for economic and social development in line with the aspirations of the Serbian people and on the basis of the European Partnership. The Poverty Reduction Strategy is supportive to this larger goal.

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IVANA DULIĆ MARKOVIĆ, DEPUTY PRIME MINISTER:

## How to Present People with Percentages

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The claim that the calculation of the poverty line is not simple is substantiated with the fact that, according to the data of the Republic Statistical Office (RSO), three different minimum consumption baskets have been defined for establishing the poverty line in 2005, depending on the applied definition.

The Republic Statistical Office has made a first step offering several possibilities, but in order to establish a good basis for future continued monitoring, it is necessary to include other relevant national experts so as to select the methodology which shall reflect our reality appropriately.

Regardless of the methodology accepted, it is important to understand that poverty is not comprised of percentages, but people represented by the percentages. It is also important to understand that the poverty line represents a significant, yet not the only poverty indicator. The Poverty Reduction Strategy considers poverty as a multidimensional phenomenon, therefore taking on an equal footing the unemployment rate, the number of new jobs, the number of children enrolled in school and the social equality/inequality coefficient. In addition to all these measurable indicators, the subjective perception of individuals regarding the quality of life and opportunities at their disposal in society is important as well. The common goal we are striving for by implementing the recommendations defined in the Poverty Reduction Strategy is the creation of opportunities for a better quality of life of all Serbian citizens.

*There are three different minimum consumer baskets for establishing the poverty line depending on the definition applied.*

*According to a first possible methodology, the minimum consumer basket comprises the consumption of households whose consumption is below the minimum consumption of food and other goods. If this methodology is accepted, it can be said that the minimum monthly consumption for a three-member family in 2005 was CSD 11,566. 15.36% of Serbian population was below thus calculated poverty line.*

*According to another methodology, the minimum consumption basket comprises the consumption of households whose food consumption, increased for other costs, is approximately equal to the overall minimum consumption (food and non-food consumption) of the households. According to the methodology, the minimum consumer basket for a three-member family per month in 2005 was CSD 12,950, i.e. 25.06% Serbian population was poor.*

*The Engel method may be applied in order to obtain somewhat different results. Namely, according to the method, ponders for establishing the number of consumption units are calculated based on the household (family) structure and the age of children. According to the methodology, 6.55% of the population were poor in 2005, and the minimum consumer basket for a three-member family was CSD 10,000.*

*Source: Republic Statistical Office*

## OLLI REHN, EU COMMISSIONER FOR ENLARGEMENT Serbia, European Family Member

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The overall process of the EU integration with its accompanying measures are intended to help Serbia to accede the European Union on its own merits as a full-fledged member of the European family on all accounts. The European Commission works hand-in-hand with Serbia in addressing problems and providing solutions. For some of our joint endeavours (such as the resuming of the SAA negotiations) there is political conditionality. For some others, such as the fight against poverty our joint efforts are not linked with conditionality.

We all know that the journey is challenging. But we also know from the past experience that all the efforts are worthwhile. The final goal of the whole process results in a Serbia as a better place to live, with functioning rule of law, improved socio-economic situation and people living in a functioning democratic society.

## IPA – New EU Assistance Mechanism

In the period 2000-2006, the Republic of Serbia has received assets amounting to approximately EUR 1.2 billion through the EU CARDS programme aiming at reconstruction, development and stabilization.

In the year 2005, the European Commission passed a decision to replace all existing pre-accession funds (Phare, ISPA, SAPARD and CARDS) with a new pre-accession instrument (IPA – Instrument for Pre-accession Assistance) with funds divided into five basic components: 1. transition assistance and institution building, 2. regional and cross-border cooperation, 3. regional development, 4. human resources development and 5. rural development.

Serbia will have access to Components 1 and 2 as a potential candidate country, while Components 1 to 5 are intended for candidate countries. The European Commission has confirmed that the first component funds will be used for financing programmes/projects the contents of which correspond to components three, four and five.

The basic condition for using all five IPA components, i.e. the respective funds, is that the country recipient has a candidate status, as well as an established decentralized system of EU funds management. The transition to a decentralized system of EU funds management implies a gradual preparation of the Republic of Serbia to take over the EU funds management competencies at the moment of joining the EU.

In addition to concluding the Memorandum of Understanding between the Government of Serbia and the European Commission regarding the introduction of a decentralized system, it is necessary to build special

institutions/units and to appoint holders of certain responsibilities, such as the National Aid Coordinator, the National Fund headed by a person authorized for certifying, the Central Unit for Contracting and Financing headed by a person authorized for the certification of programmes and persons in line ministries who are in charge of the aid programmes management. The Government has decided that the Ministry of International Economic Relations shall take over the role of the National Aid Coordinator. However, the introduction of a decentralized EU funds management system is an exceedingly long process (up to 36 months) and entails direct involvement and consensus of the Government institutions.

With the aim of establishing appropriate capacities for a successful implementation of decentralized funds management, it is necessary to perform the analysis of current capacities of line ministries and the capabilities of certain institutions to carry out the jobs and tasks related to the decentralized fund management system, also to determine the needs for supporting the capacity building of line ministries, as well as to establish the necessary number of employees.

The practice of countries which manage the funds in accordance with decentralized system implies that the activities of the National Fund are usually performed within the Ministry of Finance, headed by a civil servant in charge of certification, as well as the activities of the Central Unit for Contracting and Financing, headed by a civil servant charged with programme certification. For more information contact the Ministry of International Economic Relations: 011/3617-583, [www.mier.sr.gov.yu](http://www.mier.sr.gov.yu).

## COMPETITION: „The Neighborhood Programmes“

The European Agency for Reconstruction (EAR) and the Ministry for International Economic Relations (MIER) have announced the second public competition for projects to be co-financed within the Hungary-Romania and Hungary-Serbia and Montenegro programme of cross-border cooperation, titled „The Neighborhood Programmes“. Projects from the following areas may be submitted until 13 November, 2006 at 2 PM: strengthening the spatial, physical and infrastructural integrity of the cross-border area, implying an improvement of cross-border infrastructure and addressing common challenges in the area of environmental protection and flooding prevention; promotion of cooperation initiatives in order to facilitate market integration and increase in the coherency of local communities, implying the development of business infrastructure and joint business services, support to cooperation between enterprises, encouragement of cooperation between institutions and communities, as well as technical development and the development of human resources.

The Autonomous Province of Vojvodina and of the City of Belgrade are Serbia territories covered by the programme, and the application package may be found at the following Internet addresses: [www.ear.eu.int](http://www.ear.eu.int) and [www.mier.sr.gov.yu](http://www.mier.sr.gov.yu). The exact time and venue of workshops for filling in the forms shall be announced at the MIER website. For additional information contact the MIER at 011/3346-591 or the Local Office in Subotica at 024/553-003. 19 projects at the territory of the Autonomous Province of Vojvodina and the City of Belgrade amounting to EUR 1.8 million were supported within the first invitation for the Serbia – Hungary Neighborhood Programme. Applications in English should be submitted in a sealed envelope by mail to the following address: Joint Technical Secretariat for Hungary – Serbia Montenegro Neighborhood Programme, VATI Hungarian Public Non-profit Company for Regional Development and Town Planning, H-1016 Budapest, Gellertthey u. 30-32. Tel: +361224-3275, Fax: +361224-3291



## MINISTRY OF LABOR, EMPLOYMENT AND SOCIAL AFFAIRS

### Invitation for the Organization of Public Works

At the session held on August 24, 2006, the Government adopted the Decision on Opening a Public Invitation for Organizing Public Works of Interest for the Republic and a Public Invitation for Organizing Public Works in 2006 („Official Gazette of the Republic of Serbia“, No. 71/06).

The possibility of organizing and carrying out public works is envisaged by active employment policy measures, established by the Law on Employment and Unemployment Insurance, the National Employment Action Plan for 2006-2008 and the National Employment Strategy for 2005-2010.

Public works aim at labor activation of unemployed persons and their training for performing specific jobs, thus mitigating their difficult social and economic position.

Public works shall engage unemployed persons whose employment is hindered, that is: beneficiaries of unemployment allowances, unemployed persons waiting for employment for a longer period of time, persons aged over 50, redundant workers, as well as other unemployed persons in need from the social point of view.

Funds for organizing public works shall be provided from the budget of the Republic of Serbia for 2006 and are amounting to CSD 100 million.

Funds intended for the organization of public works shall be used for: 1) earnings of unemployed persons involved in public works (amounting to gross minimum income established in line with labor regulations, for persons without qualifications; in the amount of gross minimum earning established in line with labor regulations increased by 15%, for persons with secondary level of qualification; in the amount of gross minimum earning established in line with labor regulations increased by 30%, for persons with college level of qualification, and in the amount of gross minimum earning established in line with labor regulations, increased by 45%, for persons with university level of qualification); 2) refund of expenses for traveling to and

from work; 3) expenses for ensuring safety and health at work; 4) training costs for the works performed by unemployed persons during the public works; 5) costs of performance of the public works, amounting to not more than 10% of the project value.

Funds earmarked by this decision are intended for a specific purpose and can be used exclusively for organizing and performing public works, in conformity with the contract.

Public works can be organized within social, humanitarian, cultural and other activities; for maintenance and restoration of the public infrastructure; for maintenance and protection of the environment and the nature, for works of general interest not falling within regular activities of a public enterprise, or where the public enterprise has no capacity to carry them out.

State bodies and organizations, territorial autonomy and local self-government bodies, public institutions and public enterprises, business companies, entrepreneurs, cooperatives, non-governmental organizations and citizen associations are eligible to participate in the procedure of organizing public works.

The draft priority list for the organization and performance of public works shall be established in the procedure of public assessment of received applications on the 15th day upon the deadline for submitting proposals. The decision on the organization and performance of public works shall be reached within 30 days upon the establishment of the list of priorities.

Participants in the procedure of organizing public works shall submit applications and documentation to the Ministry of Labor, Employment and Social Affairs. The deadline for submitting applications is September 25, 2006.

Additional information and applications can be obtained in the Ministry of Labor, Employment and Social Affairs at: 011/3293-340 and 011/3293-341 (Employment Department, 22-26 Nemanjina Street, Belgrade).

## USAID

### Supporting Serbian Enterprises to Introduce International Standards

The implementation of the project supporting economic entities in the process of certification and introduction of international quality standards started at the beginning of September 2006, together with the presentation of 13 enterprises from the Užice region that will be granted funds by the USAID. The certificates verify the implementation of the standards in the operations of an enterprise, product quality management, consumers safety and environmental protection. International standards which are of the utmost importance for the competitiveness of the Serbian economy include quality systems from the group ISO – ISO 9001, ISO 14001 and ISO 22000, international standards on the food health safety– HACCP and EurepGAP, organic food production requirements, as well as „CE“ – the mark of conformity with European standards for technical products.

The goal of the project is to enhance the operations of enterprises from the Western Serbia and competitiveness of their products, through the application and certification of the international standards. The project is being implemented by the International Relief and Development (IRD).

It is planned that more than 20 enterprises from western Serbia will successfully complete the process of introducing and certifying international standards through the implementation of this project.

13 enterprises from the Užice region have been granted support so far. Enterprises that have passed the first certification phase are: Bohor – Užice, Hosana – Požega, Irkom – Kosjerić, Tehnikom Plus – Užice, IBM Marković – Bajina Bašta, Pankomerc – Požega, Svetlost – Užice, SMR Mirković – Požega, Fluks – Užice, Garman – Arilje, PPP Marking – Užice, INM – Arilje and Delta Filter.

As part of the programme promotion, a brochure titled „Standards, Certification Systems and Improvement of Competitiveness of Serbian Economy“ will be presented. The brochure is intended for managers of enterprises preparing for the introduction of international standards, as well as for managers of enterprises that wish to improve already implemented standards. The brochure explains requirements, the application procedure and the certification of ISO 9001, ISO 14001, ISO 22000, HACCP, EurepGap, organic production and „CE“ mark.

For more information: email: [mspasojevic@ird-br.org.yu](mailto:mspasojevic@ird-br.org.yu), [www.ird-bg.org.yu](http://www.ird-bg.org.yu).

### Recycling and Employment Projects

Mercy Corps initiated the „Recycling and Employment Alternatives Programme“ (REAP). Local self-governments, as well as private and public enterprises from 18 municipalities of Serbia (Kruševac, Aleksandrovac, Trstenik, Brus, Čičevac, Varvarin, Ivanjica, Novi Pazar, Raška, Tutin, Sjenica, Priboj, Prijepolje, Nova Varoš, Prokuplje, Kuršumlija, Blace and Žitorađa) competed for assistance in creating jobs through the projects of waste recycling.

Through the REAP project, enterprises and municipalities that have submitted the best projects are entitled to non-repayable equipment aid. The objective of the projects is collecting and recycling of non-toxic waste, such as plastic, paper or motor oils, creating new jobs, raising awareness of the necessity of environmental protection and usage of recycled materials.

The REAP project is part of the CRDA economic programme, funded by the USAID. The programme is being implemented by the international organization for assistance and development – Mercy Corps at the territory of Southern and South-West Serbia, [www.mercycorps.org.yu](http://www.mercycorps.org.yu) or [www.yu.mercycorps.org](http://www.yu.mercycorps.org).

## PROGRAMME OF RESIDENCE AND PERMANENT INTEGRATION OF REFUGEES

### Call for Proposals for Projects

UN-HABITAT is opening a call for proposals for pilot initiatives projects in municipalities and towns of Čačak, Kragujevac, Kraljevo, Niš, Pančevo and Valjevo, within the Programme of Residence and Permanent Integration of Refugees. The main goal which is to be achieved through the implementation of pilot initiatives is to contribute to the social, economic and civic integration of refugees with low revenues and other vulnerable households, through innovative and self-sustainable approaches in the implemen-

tation of the PRS and other strategic local development documents.

The call is open for all legal entities with non-profit status operating in Serbia. The value of pilot initiatives shall be between US\$60,000 and US\$120,000. The total amount to be granted for each municipality shall be US\$120,000.

The applicants are expected to cover at least 10% of the overall value of the pilot initiative.

The call shall be open by October 9, 2006 at 17h. The complete documentation may

be downloaded at the UN-HABITAT webpage [www.unhabitat.org.yu](http://www.unhabitat.org.yu), or in the UN-HABITAT office in Belgrade (57 Makenzijevo St., office 303, tel: +381 11 3449 200 and +381 11 3404 162).

Project proposals should be submitted in English, in line with the instructions given in Chapter of the Guidelines) and in the given Application Form. Project Proposals should be submitted in a separate sealed envelope, by registered mail, courier or personally at the address of the UN-HABITAT.



## National Investment Plan

This year Serbia is to realize a privatization income surplus for the first time, which will amount to over EUR 1.2 billion. How can the money be used in a way that will benefit the citizens and the economy?

Over the previous transition years, privatization revenues have been used to cover the „overdraft“ of the country– the budget deficit. However, in the last two years, due to the savings of the state and implemented reforms, a surplus in the budget of Serbia has been realized, wherefore now the privatization revenues can also be used for public investments. In the longer run, these investments will ensure a raise in the employment rate and sustainable economic development. For that reason, the Minister of Finance Mr. Mladan Dinkić has proposed and the Government has adopted the National Investment Plan project for the period 2006 – 2011, which shall facilitate the improvement of standards in all key areas of life.

The National Investment Plan (NIP) encompasses projects in seven sectors – education health system modernization and environmental protection, transportation infrastructure construction, projects that directly or indirectly stimulate economic development (incentives for employment and development of entrepreneurship, investments in energy, agriculture, water management, science and tourism), projects in the area of housing construction, projects upgrading standards of the population (sport, culture, social protection), as well as those related to the improvement of public administration (judiciary, police, army and public administration).

The Government wishes to accomplish the following goals with the implementation of the NIP: increased employment rate; sustainable economic growth; implementation of the Balanced Regional Development Strategy; raising competitiveness; implementation of the Poverty Reduction Strategy.

The Government of Serbia has so far adopted individual sector plans in all areas, for the period 2006 through 2007.

The NIP for 2006/2007 contains investments totaling EUR 1,674.8 million. EUR 1,385.2 million of the sum comprise privatization revenues, while other sources of financing are loans and donations of international financial organizations.

In accordance with the priorities of the economic development of Serbia, the largest part of the assets will be invested into development of transportation infrastructure, incentives for development of entrepreneurship and employment and modernization of the health care system. Approximately 69% of the total amount of assets planned by NIP will be invested in these three areas.

The investment plan within the NIP for 2006 and 2007 has mostly been made on the basis of initiatives of local self-governments. As for the period 2008-2011, the Government will engage its own resources in order to assist underdeveloped municipalities without capacities for drafting investment projects to create quality projects for their regions, based on priorities jointly established. In this way the Government will additionally increase the scope of investments in underdeveloped regions, with the aim of their faster development.

A balanced level of development of certain regions is exceedingly important for the accomplishment of sustainable economic growth and social and economic stability.

An increase in the level of development of certain regions in the Republic of Serbia will be attained through the implementation of the NIP, through: higher rate to which road and telecommunications infrastructure has been built; decrease in unemployment rate; increase of the GDP per capita and scope of realized investments per capita; advancement of facilities of social importance (educational, health and cultural institutions).

The NIP shall ensure that every region is provided with a scope of investments that will exceed EUR 100 per citizen. This will enable a multiple growth of investment activity in relation to the previous period, having in mind that certain municipalities had previously accomplished a scope of investments that amounted to less than EUR 10 per citizen.

The NIP integrates key sectors within seven areas in which significant assets will be invested.

These investments represent investing in less profitable areas of no interest to the private capital, yet which create preconditions for attracting private capital and contribute to an improvement in the quality of life.

NIP, 011 3614 972, [www.mfin.sr.gov.yu](http://www.mfin.sr.gov.yu)

### Review of Funding Opportunities

The Deputy Prime Minister's Poverty Reduction Strategy Implementation Focal Point (PRS IFP) shall publish the second edition of the Review of Funding Opportunities at the beginning of October 2006. The PRS IFP has, together with national and international partners who take part in the PRS implementation, prepared the review of available resources provided by international donors and state institutions in Serbia. The Review has given insight into available resources for the implementation of various programmes and project activities, at the disposal of municipalities, non-government organizations, small and medium-sized

enterprises, entrepreneurs and individuals, which shall enable them to get involved more actively in the implementation of the PRS-set measures.

The Review is user-friendly, facilitating the search for information on available resources: according to titles of international and national donors and based on the index of key words. The Review shall be updated every two months with current competitions, and shall be distributed to a large number of beneficiaries through non-government networks, the Standing Conference of Towns and Municipalities and ministries. The Review may be downloaded at [www.prsp.sr.gov.yu](http://www.prsp.sr.gov.yu)

### MINISTRY OF INTERNATIONAL ECONOMIC RELATIONS Needs of the Republic of Serbia for International Assistance

The Ministry of International Economic Relations/Development and Aid Coordination Unit as the institution competent for coordination and monitoring of international assistance, initiated in April 2006 the drafting of the document titled: „Needs of the Republic of Serbia for International Assistance in period 2007 – 2009“. On the basis of the existing strategic framework and operative planning in line ministries, the document will represent the programme framework for the allocation of international assistance resources in the years to come.

The basic purpose of the document is to define the necessary level and structure of international assistance for accomplishment of reform objectives of the Government, as well as the promotion of national development priorities, with the aim of harmonizing and allocating resources of donor programmes for the national priorities. In that way, the efficiency of using the international assistance resources will increase and ensure unhindered realization of defined short-term goals of the Government of the Republic of Serbia. The process of drawing up the document is being directed by the Ministry of International Economic Relations/Development and Aid Coordination Unit. All line ministries take part in the process, together with the EU Integration Office, PRS Implementation Focal Point, Joint Project – Towards the More Efficient Implementation of Reforms, Economic Institute and other competent institutions. Consultations about key issues related to the drawing up the document are being made with the Commission for Coordination of Humanitarian and Development Aid of the Government.

In the document, and on the basis of analyses and macroeconomic projections, the Government will define the total amount of international assistance in the ensuing three-year period, which is necessary for the continuation of reforms (favorable loans and non-repayable grants).

Priority programmes and projects for period 2007-2009 will be presented in all the sectors, regardless of the source of financing (budget of the Republic of Serbia or international assistance). The document will also identify the inter-sector priorities for international assistance for which, in the opinion of the Government, support of the International community will be of key importance in the following period.

The identification of priority programmes and projects in the process of drawing up the document is being made on the basis of defined priority medium-term sector goals, deriving from basic strategic documents – the Strategy for EU Accession, priorities of the European Partnership, the Poverty Reduction Strategy, as well as sector strategies.

The process of programming and consultations with the international community about financing these programmes/projects will be coordinated with the process of preparing the Budget of the Republic of Serbia and defining programmes that will be financed from the budget assets, in order to avoid overlaps and ensure maximum efficiency in the allocation of internal and external assets.

Areas that have been defined as inter-sector priorities for international assistance in the following three-year period are: employment incentives (economic development and education in the function of employment increase), building and strengthening institutional capacities, building, reconstruction and modernization of infrastructure, environmental protection and rural development.

It has been planned that the Government of Serbia will adopt the document in October 2006, with its subsequent presentation to the international community, as a basis for the programming of assistance in the ensuing years. The document will be updated every year and it will contain an overview of progress accomplished in the realization of the programmes/projects, as well as the priorities in the ensuing three-year period.



## Development fund

The Development Fund of the Republic of Serbia approves of loans under most favourable conditions to economic entities directly or through commercial banks, intended for programmes in the field of economic and regional development, for stimulating small and medium-sized enterprises, for stimulating the development of artisanship and service occupations, as well as for stimulating the competitiveness and liquidity of national economy, thus directly implementing the recommendations set in the Poverty Reduction Strategy.

Activities of the Fund are financed by annuities of loan placement, solidarity assistance resources and other resources of international financial organizations and/or countries, provided for countries in the process of transition for stimulating employment programmes and implementation of regional programmes, or other sources.

The Fund is 100% state-owned, and it operates in line with the Law on Development Fund, Statute and other respective regulations. Conditions for obtaining the Fund loans depend on the level of municipality's development based on the adjusted income, in the following way:

- for municipalities with up to 1/3 of the Republic average national income, the Fund approves of up to 80% investment with the 1% interest rate annually,
- for municipalities with 1/3-50% of the Republic average national income, the Fund approves of up to 60% investment with the 3% interest rate annually,
- for municipalities with 50-70% of the republic average national income, the fund approves of up to 50% investment with 3% interest rate annually and
- for municipalities with over 70% of the republic average national income, the fund approves of up to 40% investment with 3% interest rate annually.

Loans are approved of with the repayment deadline of 5 years and postponed repayment deadline of 1 year. Furthermore, the Fund has initiated the loan issuing for independent craft shops and entrepreneurs.

These loans are approved of based on requirements which specifically emphasize the economic and market aspects of programmes and financial indicators of business plans. The maximum loan amount for entrepreneurs is CSD 1,500,000, and the minimum is CSD 300,000.

The Development Fund of the Republic of Serbia, tel: 011/2621-822, 2621-887, 631-239  
frs@eunet.yu, office@fondzarazvoj.co.yu

## „MAČVA IN FLOWERS“

### From a Family Farm to a Flower Exporter

Mačva is one of the wealthiest regions of Serbia and Europe when it comes to geothermal water springs. Better usage of these and many other natural potentials of our country would contribute to a faster achievement of main goals of the Poverty Reduction Strategy: more balanced regional development of the country, increased employment and better global competitiveness of economy. The Development Fund of the Republic of Serbia operates in line with these objectives, whose main activity is to approve of loans for programmes in the field of economic and regional development.

With the help of the Development Fund loan, the Eol Partnership Company for Producing Pot Flowers from Ivanjica initiated a new production line in Dublje near [abac in 2002. Eol has so far used two Development Fund loans. In 2002, Eol took a loan amounting to CSD 10 million and repaid it in 2004, and CSD 6.4 million was taken in 2003, which is repaid duly on a three-month basis.

Thirty years of family farm experience reached its peak with raising an automated glasshouse for flower breeding at the 5000 m<sup>2</sup> area-one of the state-of-the-art facilities of this kind in Serbia. The Netherlands Government and the Dutch Institute for Agricultural Development and Improvement financed the equipment for building the glasshouse, computer systems and irrigation systems, and the Ministry of Mining and Energy approved of the land for geothermal water research and issued exploitation permit for using thermal potentials of geothermal waters – first of the kind in the Republic of Serbia.

Using hot water springs for heating the glasshouse enables continued production

during the entire year with the minimum of energy costs. At the same time, this is ecologically clean production: water that leaves the system is clean; it does not pollute the environment, and may be used for irrigation or other forms of secondary exploitation.

Although the inhabitants of Dublje at first showed distrust in the activity, soon they got involved in the production themselves. Namely, in addition to three permanently employed workers, Eol employs 7-10 seasonal workers, mostly inhabitants of Dublje. These are younger persons without any special work qualifications, which usually have difficulties in finding their first employment due to the lack of working experience. In this way more than 40 persons got employed in the previous four years.

„The main goal of coming to Mačva was to use geothermal waters, that the region abounds in, with the aim of facility heating. In this way 70% of saving is achieved, at the same time using an ecological, limitless and naturally renewable source of energy“, says Slobodan Radovanović.

Today Eol produces more than a million pot plants a year (mostly chrysanthemums, geraniums, petunias, salvias, celosias and dahlias), and in addition to the Serbian market, it maintains good cooperation with distributors (flower shops and chains of retail facilities) from Montenegro and Bosnia and Herzegovina. In addition to regular loan repayment to the Development Fund, the main goal of Eol is to continue to use favourable natural conditions in Mačva through expanding production land, and consequently expansion to the markets of countries in the region.

## „FOOD LAND“ Tradition for the Future

„The loan granted by the Development Fund of the Republic of Serbia was very important when we were deciding on expanding the production. Loans with a 4% interest rate and a grace period of a year cannot be obtained in a commercial bank“, says Vaso Lekić, Executive Director of the Foodland enterprise with limited liability from Belgrade.

Increased interest worldwide for „domestic“, hand-made and natural food products, represents an important opportunity for our enterprises. At the same time, capacity building for activity influences the achievement of a number of PRS-set objectives: enhanced economic development of regions with natural resources and potentials for breeding fruits and vegetables, opening a large number of new jobs because this is a labor-intensive economic area, growth of exports and better positioning of our country at the labor market. These effects have been recognized by the Development Fund when it, two years ago, approved of a loan for the Foodland enterprise in the amount of CSD 8.5 million.

The Foodland enterprise was established in 1995 with the aim of importing, processing and distributing products typical of Mediterranean food.

Seeing raw material potentials in environmental mountainous regions of Kopaonik and Zlatibor, Foodland initiated an own line of products of traditionally Serbian cuisine, among which the „Bakina tajna“ brand is prominent. The brand comprises jams, marmalades, compotes and fruit preserves, made of some 10 fruits such as strawberries, apricots, sour cherries, cherries, plums, raspberries, blackberries, figs, wild strawberries, wild blueberries, wild blackberries), pine needles syrup, „ajvar“, etc. All products are prepared in a traditional way: with no additives, preservatives, artificial flavors and colors, in small amounts, cooked on wood stoves and hand-stirred. Although this type of production requires larger costs and more time in comparison to industrial mass production, the Foodland employees claim that the quality benefits make worth the efforts.

The intention was to use the loan to increase production capacities, in the first place the villages of Tršanovci and Šljivovo in Kopaonik. These facilities today employ 40 permanently-employed persons and a large number of season workers (in the purchase period over 300 persons). In this way over 500 persons have been employed, many of whom are elderly, that is they fall within the category of persons who have difficulties in finding a job. Wages have risen from 4 to approximately 7 Euros in the previous three years, which indicates, in addition to an increased employment rate, a significant increase in standards of the population in the region.

The production of the „Bakina tajna“ product increased from 10,000 units in 2003 to 300,000 units in 2005, and this year it has already reached over 600,000 units. From the last year the products have been exported to America, Canada, Australia, France, Switzerland, Belgium, Slovenia and Montenegro under the name „Granny's Secret“. The planned value of exports this year is EUR 400,000, and the aim is to reach exports of EUR 1 million next year.

Plans for the future include the construction of a factory worth around EUR 1 million in the Gračevci village in Kopaonik, employment of additional 50-60 persons, conquer the markets of Croatia and Bosnia and Herzegovina, as well as to make appearances at fairs in Moscow, Paris and Stockholm with the aim of conquering new and expanding the existing markets.



## NATIONAL ASSEMBLY OF THE REPUBLIC OF SERBIA

## Forum for Efficient PRS Implementation

The Poverty Reduction Committee of the National Assembly initiated the organization of the Forum on September 18, 2006 in the National Assembly, with an overall aim that participants in the PRS implementation process inform each other better by representing their respective initiatives. Furthermore, the Forum should provide an opportunity for an exchange of information on good practices and start-up of initiatives for addressing problems recognized in the implementation process.

Permanent participants of the Forum shall be representatives of National Assembly

Committees involved in the PRS implementation, the PRS IFP, local authorities through the Standing Conference of Towns and Municipalities, non-government organizations, donors and international partners, business partners and employer representatives.

Depending on the topical issue, many other interested actors shall be invited, such as representatives of all three trade unions, SEIO, Joint Project, line ministries representatives, etc.

As a result of the meetings, Forum participants shall develop draft activities which should be undertaken with the aim of a more efficient implementation of the PRS.

## DEPUTY PRIME MINISTER'S PRS IMPLEMENTATION FOCAL POINT

## PRS Monitoring and Evaluation Indicators

One of the goals of the Government of the Republic of Serbia is to create a solid statistical basis for continued and reliable measuring of all poverty dimensions and social exclusion. Main preconditions for attaining the goal are, on the one hand, precisely defined poverty indicators and, on the other, constant efforts on improving the quality of available data. The set of PRS indicators is very extensive. There are more than 100 outcome indicators and 160 process indicators.

As one of the priority steps, the Deputy Prime Minister's Poverty Reduction Strategy Implementation Focal Point is preparing a review which shall provide information regarding the recognized PRS indicators for which data have been obtained, including the information on which data are missing and who are the actors that participate in the collection of the data.

Since objectives in the domain of the PRS and the Millennium Development Goals coincide to a large extent, the activity shall contribute to the process of the nationalization of the Millennium Development Goals as well.

The review prepared by the group of consultants engaged for the task shall help the PRS IFP to prepare a revised list of indicators for monitoring and evaluating the implementation of the Poverty Reduction Strategy. The revised overview of indicators shall indicate distinctly which data are missing. The programme of support for the PRS implementation implemented by the PRS IFP envisages the establishment of the PRS Research Fund. The PRS IFP shall use the review to define research areas for which the PRS Research Fund resources shall be allocated with the aim of collecting the missing data for monitoring the PRS process. Furthermore, special attention shall be paid to the data available at the local level, as well as the available data relating to women, persons with disabilities, various age-based groups, the Roma population, refugees and displaced persons.

The aim is that the revised and updated PRS monitoring and evaluation system shall contribute to a more efficient monitoring of outcomes and effects of the Poverty Reduction Strategy implementation itself.

## GRUPA 484: Budget Expenditures Control

The Group 484, an NGO from Belgrade, has started implementing the project related to monitoring the implementation of the National Poverty Reduction Strategy (PRS) in respect of the vulnerable categories of young people (unemployed, disabled, Roma, etc).

Currently, the coalitions formed by representatives of institutions and NGOs in Kikinda, Užice, Kragujevac, Niš and Belgrade are being formed with a view to their involvement in the Project in their respective municipalities. The Project is to establish control and rational spending of local community budgets, particularly funds allocated to reduction of poverty among the vulnerable.

The EU-financed project, realized through EAR, is to last until May 2007.

## NATIONAL EMPLOYMENT SERVICE: Training and Retraining of the Unemployed

In September and October 2006, the National Employment Service (NES) shall through its branch offices start implementing yet another cycle of training and retraining the unemployed at the territory of Serbia. These are trainings in mastering foreign languages (English, German, Italian and Hungarian), basic IT training which shall be implemented in line with the internal NES program by teachers with recognized international certificates, as well as the specialized IT training for attractive, popular jobs, such as: Web development, Web design, technical support or programming and application development.

The retraining and additional training of the unemployed for labor market shall start in September as well. Upon its finalization, trainees shall become qualified for occupations registered as deficit at the labor market. The advantage for participating in the NES programmes shall be given to the unemployed registered with NES for a longer period of time, the youth and persons with surplus occupations.

The NES organizes other training programmes for the labor market, but for individual employers as well, among which are programmes for volunteer interns and practicing volunteers, as well as for functional primary education of adults, with the aim of enabling the unemployed to find jobs more easily based on additional education. Up to 13,000 persons shall be included in all of the abovementioned programmes implemented by the NES.

011/3307900, [www.rztr.co.yu](http://www.rztr.co.yu)

UNDP AND COMMITTEES OF  
THE NATIONAL ASSEMBLYCooperation in the Field  
of Poverty Reduction

Predrag Marković, the Speaker of the Serbian Parliament, and Lance Clark, the UNDP Resident Coordinator in Serbia, have exchanged the Letter of Understanding between the National Assembly of the Republic of Serbia and the UNDP.

The Agreement provides for participation of five Parliamentary Committees in the project titled „Involvement of the Civil Society in Creating Policies Contributing to Poverty Reduction“. The Project is financed by the EU through the EAR and implemented by UNDP.

The title of the first seminar organized by the Belgrade Fund for Political Excellence – BFPI held on Palić at the end of July for the MPs was „Employment and Social Inclusion“.

NATIONAL ASSEMBLY OF THE REPUBLIC OF  
SERBIA – MAIN VENUE FOR PRS-RELATED  
DEBATES AND PUBLIC HEARINGS

Public hearings represent parliamentary practice of Parliament Committees aiming the advancement of judicial procedures, efficient policy creation or control over the Government operation. Public hearings are organized to discuss a proposal of a law or another issue within the mandate of the Committee with a view to collecting information from the representatives of the public and private sectors.

The main idea of public hearings is to institutionalize and systematize the procedure of advancement of the judicial process with verbal testimonies of experts, written comments and professional views. During a lively debate, ideas are exchanged, pros and cons discussed of certain solutions and groups, individuals and institutions affected identified. Public hearings are an excellent forum to bring together theoretical knowledge and practical experiences to improve the judicial processes. They are convened to discuss the downsides of certain laws, but much more often to review the proposed draft laws.

The efforts towards introduction of public hearings in the National Assembly of the Republic of Serbia:

Public hearings represent regular practice in modern democracies. In cooperation with the OSCE, the UNDP has organized a seminar on public hearings in May 2006 with the representatives of Parliaments of Scotland and Bosnia and Herzegovina talking about their experiences.

The Serbian parliamentarians were given the possibility to consider the introduction of this practice. As a result of the seminar, the UNDP supported a number of Parliament Committees in organizing public hearings/round tables with a significant number of elements of public hearing parliamentary practice. These round tables, which we hope will represent an „antecedent“ of public hearings in our country, have been organized with the following topics:

- Roma and education
- Employment of persons with disabilities
- Position of refugees and IDPs in Serbia – yesterday, today and tomorrow
- Draft law on citizens' associations
- Draft law on financing local governments
- Draft law on pre-school education



## NES MEDVEĐA AND LEBANE: Employment of Women from Vulnerable Social Groups

The National Employment Service (NES) in municipalities of Medveđa and Lebane and the Regional Agencies for Economic Development from Leskovac have signed a cooperation agreement thus initiating the program of employment of women coming from vulnerable social groups.

Within the framework of the Project, 30 women (Albanian, Serbian and Roma) will be trained, by end of 2006, for weaving on looms and entrepreneurship. This is but one of the ways to help persons with difficulties in finding employment in highly underdeveloped municipalities. A training centre will also be equipped and used later on. The parallel development of regional tourist capacities (archeological site Caričin Grad, Sijarinska Banja and Mt. Radan) will ensure better marketing of ethno products. The project is funded by the EU.

## Gender Equality Council

A public debate on the Draft National Action Plan for Improving the Position of Women and Gender Equality as initiated by the Council for Gender Equality of the Government of the Republic of Serbia has finished.

The National Action Plan for Improving the Position of Women and Gender Equality (NAP) is a strategic document of the Government defining the aims, measures and a plan of activities to be undertaken towards an improvement of the social position of women and gender equality for the period 2007 – 2010.

The document identifies key problems in exercising, protection and improvement of the rights of women. Priorities have been set, the key implementing agencies identified and the timeframe of their realization defined.

The NAP establishes a comprehensive and harmonized state policy aiming at eliminating the discrimination of women, improvement of their social and legal position and integration of the gender perspective into all the areas of government system activities.

## MINISTRY OF LABOUR, EMPLOYMENT AND SOCIAL AFFAIRS

### Increase of Allowance for Assistance and Care of Other Persons

The Law on Amendments and Additions to the Law on Social Protection and Provision of Social Safety to Citizens entitled to an increase of allowance for assistance and care of other persons has entered into force on 1 July 2006. This right may be exercised by beneficiaries of the allowance for assistance and care of other persons who were entitled to it by virtue of the regulations on pension and disability insurance and for whom a 100% physical impairment had been established against one basis.

The sum of an increased allowance for assistance and care of other persons is CSD 13, 917. Consequently, the beneficiaries will be receiving a difference between the above amount and the amount they are currently receiving. The beneficiaries who exercise this right on the

basis of regulations from pension and disability insurance will be recognized in the amount of CSD 5,444, CSD 7,219, CSD 8,893 and CSD 9,731. The beneficiaries exercising this right on the basis of social protection regulations shall be receiving CSD 8,699.

The beneficiaries of the allowance for assistance and care of other persons who exercise this right as disabled children in the relevant PIO fund and on the basis of regulations effective until the promulgation of the 1992 Law on Pension and Disability Insurance may exercise the right to difference if the sum of allowance for assistance and care of other persons as well as the right to an increased allowance for assistance and care of other persons if they have been established a 100% physical damage on one basis.

## Improvement of Position of Persons with Disabilities

The UNDP Team for Poverty Reduction and Economic Development has, at the invitation of the Ministry of Labor, Employment and Social Affairs, supported the drafting of the National Guidelines and Action Plan for Improving the Position of Persons with Disabilities.

The Guidelines should be finalized by November. They will facilitate the identification of status and number of persons with disabilities in Serbia and are especially relevant in view of the adoption of the new UN Convention on the Rights of Persons with Disabilities that should contribute significantly to the improvement of rights of some 650 million persons with disabilities in the world.

## OFFICE FOR HUMAN AND MINORITY RIGHTS Secretariat for Roma National Strategy

The Office for Human and Minority Rights of the Government of Serbia has taken over the portfolio of the former Ministry for Human and Minority Rights and the Secretariat for the Roma National Strategy. One of the priorities of the Office is establishment of an institutional framework and system of accountability on the basis of the two existing strategic documents (the Strategy and Action Plans for the Roma Decade and the PRS). In cooperation with line institutions, the Secretariat will take part in initiating, drafting and implementing operational measures relevant to implementation of the Strategy for Integration and Empowerment of the Roma.

In cooperation with other organizational units of the Office, the Secretariat shall establish a unified system for the realization of the Strategy objectives.

The process of defining the mandate and the action plan of the Secretariat for the Roma National Strategy is under way.

The Strategy for Integration and Empowerment of the Roma (hereinafter: Roma National Strategy) shall deal with the following issues: education, adequate housing conditions, employment and economic empowerment, access to social protection, health care, personal documents (for IDPs), culture, political participation and representation, informing, returnees under the framework of readmission agreements.

The aims of the Secretariat are: efficient system of management and monitoring of implementation of activities relative to the Roma Decade, establishment of a sustainable system of accountability and competencies in the realization of the Strategy and action plans for the Roma in Serbia, setting up internal organization focused on providing assistance to the ministries, local governments, international organizations, cross-border cooperation, the media and scientific and expert institutions, harmonizing actions and coordination of activities provided for by Action Plans, the Strategy and other policy documents in Serbia and the creation of conditions for Serbian presidency over the Roma Decade in the period 1 July 2008 – 30 June 2009.

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## PROGRAMME OF SUPPORT TO ROMA

### Allocation of Grants to Local Initiatives

A programme has been initiated to allocate grants to local initiatives involved in Roma issues, under the auspices of the Programme of Support to Roma (PSR) of the OSCE Mission in Serbia and the Office for Human and Minority Rights.

Within the Decade of Roma Inclusion, the Government of the Republic of Serbia has thus far adopted Action Plans in the sectors of health, housing, education and employment. The municipal authorities are developing additional action plans through the OSCE Program of Support to Roma.

The aim of the Decade of Roma Inclusion (2005 – 2015) is to accelerate Roma participation in society and improve the economic and social status of the Roma in Europe.

The Grant Allocation Program supports small and medium-sized projects proposed by NGOs, individuals and/or local governments at the municipal level.

The information on the procedure shall be given by the local Roma representatives and the PSR proposals will be coordinated locally.

Project proposals shall be approved by the Committee for Small Grants (omisam-rap@osce.org) led by the Office for Human and Minority Rights.

The selection criteria shall include: relevance to local action plans targeting the Roma, involvement in creation of projects and development of relevant factors; engagement of local institutions' capacities; projections of monitoring and medium-term/long-term sustainability; potential for raising the level of confidence in local institutions among the Roma; utilization of local resources.

The proposals approved by the Committee for Small Grants shall be suitable for implementation undertaken within the OSCE administrative framework.

## Tax Relief for Employers Employing Young and Middle-Age Work Force

There is a large number of young people in search of work at the job market of Serbia. The most vulnerable group are the individuals who, following long years of employment, lost their jobs in the process of transition. Therefore, further to the present incentives, the state introduced new ones to enable these categories of persons and the disabled to find new jobs.

Tax relief was made possible by the changes and addenda of the Law on Taxation of Citizens' Income and the Law on Mandatory Social Insurance adopted by the Serbian Parliament in July. Consequently, all the employers who sign employment contracts with the persons under 30 and over 45 registered at the National Employment Agency shall be paying, as of 1st September, lower taxes and benefits for the period of three and two years respectively.

The changes and addenda to these laws shall contribute to the implementation of objectives and tasks defined in the National Employment Strategy (for the period 2005-2010) and the National Employment Action Plan (for the period 2006 – 2008) as the financial relief is expected to contribute to decrease of the rate of unemployment with the young people and the reduction of their participation in informal economy. This is especially significant as the rate of unemployment of the young people is extremely high (47.7% according to the survey on work force). Their participation in the gray economy is also very high (as high as 28% of them

have some form of informal or insufficiently good employment, according to some surveys).

Employers who engage trainees under 30 or disabled will be freed from the obligation of paying taxes on their incomes over a three-year period. The benefits would be paid by the National Employment Service, while the employer shall be obliged to conclude an employment contract with them in line with the Labour Law. The same tax relief, but lasting up to two years will be applicable to employers who engage the unemployed under 30 years of age as well as persons over 45/50 who have been registered with the National Employment Service for a minimum six months.

Older employees in the processes of restructuring and privatization of companies tend to lose employment more easily and it is more difficult for them to find new employment because their educational and professional levels do not satisfy the requirements posed by the labour market being lower, on the average, than that of younger work force. Therefore, they are deemed to be the true losers of transition, rendering the employment of this vulnerable group registered at the NES even more important.

The employers shall not pay contributions for mandatory social insurance of all the above named categories of the unemployed.

Enforcement of new regulations shall reduce the costs on the net wages of the newly employed young worker from the present 73% to 24.7%.

## Second National Conference on Poverty Reduction

The Second National Conference on Poverty Reduction was held on September 20, 2006 in the municipality of Bela Crkva. Participants of the Conference presented the latest results and plans in the PRS implementation process and discussed the forthcoming challenges and manners in which the problems identified in the PRS implementation process can be addressed. The Conference offered an opportunity for all partners to exchange experiences and good practices regarding the PRS implementation, and to identify challenges, activities and possible improvement in the forthcoming period, within the following areas:

- Improving Monitoring and Evaluation Systems within the PRS Implementation Process
- Activities of Key Stakeholders in the PRS Implementation Process: Strong Partnerships as a Precondition for Effective Implementation of National Strategies
- Improving Access of Vulnerable Groups to Services
- PRS Implementation Process at the Local Level
- Towards the Integrated System of Planning, Budgeting, Monitoring and Reporting of the Government

The Conference was attended by Ivana Dulić Marković, Deputy Prime Minister, Goran Živkov, Minister of Agriculture, Forestry and Water Management, representatives of other ministries, as well as the representatives of the National Assembly, local authorities, non-government organizations and international donors, of key importance for implementing recommendations and policies identified in the PRS. In the plenary session, the participants were addressed by David Gowan, Ambassador of the United Kingdom of Great Britain and Northern Ireland in Serbia, Esmeralda Hernandez Aragonés, European Commission, Carolyn Jungr, Country Manager of the World Bank Country Office in Serbia and Lance Clark, UN Resident Representative.

The Conference was organized by the Government and the Deputy Prime Minister's Poverty Reduction Strategy Implementation Focal Point.

Conference presentations and Working Groups conclusions can be downloaded at the Internet Presentation of the Deputy Prime Minister's Poverty Reduction Strategy Implementation Focal Point [www.prsp.sr.gov.yu](http://www.prsp.sr.gov.yu).

## A New Draft Law on Cooperatives at the Website of the Ministry of Economy

A public debate is ongoing about the Draft Law on Cooperatives prepared by the Ministry of Economy of the Government of the Republic of Serbia. The working group for the preparation of the Draft Law on Cooperatives has reviewed the comments, proposals and suggestions received.

The new Draft Law can be accessed on the Internet presentation of the Ministry of Economy [www.mpriv.sr.gov.yu/navigate.asp?ld=166](http://www.mpriv.sr.gov.yu/navigate.asp?ld=166)

### MINISTRY OF AGRICULTURE

## Over CSD 3 Billion Provided for Rural Development in 2006

CSD 750 million for rural development and CSD 2 billion for investments into rural areas have been earmarked from the agrarian budget in 2006. Additionally, CSD 1.37 billion were approved through the National Investment Plan.

The representatives of the Ministry of Agriculture, Forestry and Water Management have signed in early September the initial 400 contracts amounting to CSD 16 million with the beneficiaries whose applications for utilization of one-time stimulation funds for investments into agriculture in 2006 for purchase of milkers, lactomates and lactofreezers had been approved. By end of September this year contracts will be signed with other registered, individual producers whose applications for grants amounting to 50% of the value of equipment for milking and freezing raw milk have been approved.

The measures aimed at rural development in 2006 also include investments into various forms of production and activities:

1. Development of production and marketing (improvement of livestock composition, purchase of production machinery and equipment, construction of buildings for accommodation and breeding of livestock, purchase of equipment and storage of agricultural produce and improvement of marketing (freezers, dryers, warehouses, packaging machines, calibrators, vacuum machines, etc);
2. Renovation and underpinning of rural infrastructure (reinforcement of power supply network, construction of local roads, construction and extension of water supply network, construction

and extension of sewage network, repair and rehabilitation of rural homes, construction and equipping of centres for rural development and resource centres for rural development, business incubators, etc);

3. Development and promotion of rural areas, environmental protection and protection of rural areas (construction of buildings and purchase of equipment on farms for agro-tourism, eco-tourism, rural and other forms of tourism, extension and rehabilitation of buildings and purchase of equipment for traditional rural skills, support to establishment of cooperatives and associations, support to integral projects of rural development (reconstruction of farms and other types of traditional rural households, improvement and delineation of rural dumps, mounting of windshields and planting of forests and grass on the areas endangered by erosion, etc).

4. Development and promotion of organic food production.

Stimulation grants disbursed range from 30%-60% of the total project value, under the condition that the users ensure their own financial participation in the project. The sum of stimulation funds depends on the region for which the projects are submitted (marginalized and other regions).

Marginalized regions are the territories of municipalities with natural (high altitude, poor soil quality, steep terrain, flooding and all forms of erosion) and legal (environmental protection and protection of water springs) obstacles to the development of intensive agricultural production on large planes.

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