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**BOSNIA-HERZEGOVINA**

# SUCCESS STORY

## Betting on Tourism in Sarajevo

**An international group plans to renovate and expand an historic hotel**



The Holiday Inn in Sarajevo, where many foreign journalists stayed while covering the war in the early 1990's.

***“This is a small but very beautiful country – tourism is our future,” said Fahrudin Tafro, a manager at the newly privatized Holiday Inn.***

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The Holiday Inn in Sarajevo was built to house athletes in the 1984 winter Olympic Games. A decade later, it was the only functioning hotel and shelter for reporters covering the war.

The aging yellow hotel became something of an icon, its battered façade appearing regularly on television screens around the world — a symbol of the bloody conflict that tore Bosnia and Herzegovina apart.

In 2004, on its twentieth birthday, USAID helped privatize the Holiday Inn. The new owner, an Austrian consortium, is repairing the existing building and adding a 22-story tower with rooms, a conference center, shops, restaurants, and a parking lot. It will also hire 800 employees.

The Bosnian government tried to sell the hotel in 2001, but the prices offered were too low and there were suspicions of corruption. USAID stepped in to help the government get a better deal. USAID conducted financial projections, prepared information to attract potential buyers, and participated in sales negotiations that lasted nearly a year.

Fahrudin Tafro, the manager of the hotel's financial department, remembers when the bright yellow, square building that still bears many bullet holes and shell marks was under constant attack. The electricity ran only occasionally, to allow chefs to prepare meals and reporters to write and transmit stories to editors abroad.

“We bought everything on the black market — fuel, food. One liter of fuel then cost us about \$15,” he said. “Many of our employees were wounded as they came to work, but luckily we didn't lose any of them.”

Mostly, Fahrudin thinks ahead, envisioning a hotel that will be outfitted with high-speed internet and high-tech information and telephone systems. “In half an hour you can drive to the Olympic mountains from here,” he said. “This is a small but very beautiful country — tourism is our future.”

Photo: USAID/Kasey Varnett