



**Contracting Authority**

**SELF – EMPLOYMENT OF YOUNG PEOPLE**

**And**

**VILLAGE REVITALISATION**

**Grant Application Form**

Budget line(s) < B7-5410 >

Name of applicant:	<b>NGO KRAJINA – BANJA LUKA</b>
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Dossier No	00387 51 433 370 / 71
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(for official use only)

# I. THE ACTION

## 1. Description

1.1 Title NGO KRAJINA

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1.2 Location(s): BOSNIA AND HERZEGOVINA, NORTH-WESTERN BOSNIA, BANJA LUKA

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Country (ies), region(s), town(s)

1.3. Amount requested f

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Total eligible cost of the action	Amount requested from	% of total cost of action

Where the financing in full of the action by <the Contracting Authority> is allowed by the Guidelines for Applicants, justify your request to benefit from such financing in full, by showing that it is essential to carry out the action.

### 1.4. Summary

Main project goal is to stop the migrations of both genders of young people from villages in to the bigger towns, and in abroad. Stopping the migration process of young will bring us to the revitalisation of these villages and more rational exploitation of available natural resources.

The migration process of young people can be stopped or at least alleviate by supporting their entrepreneurial initiatives to commence own business in activities which have natural and market preconditions to be economically sustainable in villages. Those are small modern farms, artisan workshops and small companies for industrial manufacture of local raw materials.

By starting own business young people will get to permanent employment, not only for themselves but for other young people to whom they will give the job. All this will give possibility for young people to create families, which have the great importance in revitalisation process of population in rural areas and local communities in region.

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Maximum 10 lines (include information on (a) the aim of the action, (b) the target group(s) and (c) the main activities). Where applicable, clearly indicate the sector, theme, or geographical area specified in the call for proposals to which the proposed action would apply.

### 1.5. Objectives:

Main project goal is to establish specialised regional consulting centre for young entrepreneurs (start-up). To carry out in that centre 20 do 30 concrete investment projects (business plans) for young entrepreneurs, and to help them to conduct those projects by establishing and developing own business.

Along with worked out in details investment projects the futures beneficiaries will get the complete package of business services and consulting. That package include; procuring grants, procuring administrative permissions for work, company registration, additional training and qualifying for running business, accountancy, marketing and administration for in that manner established companies.

This project is basically incubator project, but very particular. The difference from classical incubators is in that its entrepreneurial activities and manufacturing units are dispersed over villages in region, but managed from one centre for business, financial, technological and marketing support.

Yet, the goal is to open 50 to 100 new working places for young inhabitants of both genders in villages and in rural suburbs of the region. We carried out during 2001 and 2002 the research and finished the Feasibility Study on possibilities and necessary support for young people in BH rural areas called: "Self - employment of young people in rural and small settlements in BH". At that occasion we found out that is not only feasible, but necessary to support young people in BH to find the employment quicker, including the stronger support for their entrepreneurial initiatives. By this program we want to start conducting the goals from Feasibility Study mentioned above.

The particular goal is to suggest the Authorities of Republic of Srpska Entity to provide the amendments within the Law of development support for small and mid companies, particularly according to entrepreneurial initiatives of young entrepreneurs – beginners support (star-up) in rural areas.

Finally, the goal is to arrange separate consulting unit which will be extracted from NGO IF "Bosnia", and continue business like specialised and independent development centre for consultants services and training for young entrepreneurs in rural areas. With its own independent activities that unit should guarantee economical and progress sustainability in the future by providing the service to the clients.

Maximum 1 page. Describe the overall objective(s) and the specific objective of the action.

#### 1.6. Justification:

The project is mainly designed for young (start-up) entrepreneurs in villages of the region. The reason is - by its initiatives they will both have own job (self - employment). Beside this, in their small companies they will be opening new work places for employing other inhabitants.

Our preliminary researches are shown that in surrounding villages we can find the big number of young people who finished the various schools and attained artisan. Neither they have job, nor they can find it, therefore they will gladly start their own business, but they encounter with almost unbeatable obstacles.

On the first place they have the lack of working experience and practical knowledge in the running business sphere. However, no matter what they got general knowledge through the regular school education process, they have the lack of suitable practical knowledge in order to successfully run its own business.

Beside that many of them have ideas about what they can do (work), they have need for good conceived and elaborated investment programs and business plans.

Still, they don't have enough money (starting capital) to start their own business. At the same time they are in paradoxical situation. Commercial banks don't give them the funds, because they don't have enough working experience, but the working experience can't achieve because they don't have capital or the possibility to find the job, it goes around.

In described situation many of them seek for the solution by trying to move into the cities, even in abroad searching for employment in other countries. At the same time domestic natural resources are waiting to be utilized; only the old and diseased population live in the villages, and economic country development is decreasing instead of increasing and revitalizing.

This proposed project will help that this described trends bring to an end, or at least lessen.

We predict establishing 20 to 30 new small and mid companies in the region with 50 to 100 new working places, particularly in the settlements which need to be urgently revitalized. Beside this available natural resources (wood, wool, milk, meat, water, and cultivable agricultural land, orchards and wild berries), in region would be enriched by work and would be more rationally used on well-being of all region inhabitants as well as its wider surrounding.

The project is in line with the goals of EU-RED, which can be noticed if we compare its goals with European Chapter goals regarding participation of young people in municipal and in regional happenings (Resolution No. 237 - Standing Conference of local and regional Europe Authority Bodies).

By giving the chance to young people to realize their own entrepreneurial ideas, they have opportunity to take active participation in managing other forms of public life in regional local communities.

By establishing own companies and by employing in the place of birth young people will get married, create families, and on that way, beside ensured economic existence, they will as well enhance the public life in their local communities.

In Republic of Srpska is brought the particular Law for development support of small and mid companies, (Official Gazette no. 62 in 2002.), it gives many privileges for this type of companies. However, in this Law, except from principles, we can't find regulations which refer to young entrepreneurs and beginners support, and it is necessary to append the Law. Village settlements are not possible to revitalize without Appendix of this Law, and give the opportunity to young people to direct its working and positive community energy. This is the reason why we will suggest changes and amendments of this Law through the project.

One of the most interesting conclusions during our research activities, trend in BH villages, is that young people suppress themselves from getting married, and if they get married, they usually have no more than one child. As a reason for this they mention insecurity regarding their existence and life standards especially in providing education and food to their prodigies.

This project will affect society in two ways. Firstly, by implementing this project employment will be possible directly for a certain number of people, and secondly it will serve as model and an example to other regions to treat their problems similarly with revitalising village and employing young people in their surrounding.

Besides that project results will prove necessity and possibility to form specialised centre as an institution that will constantly provide services in consulting and education to the companies which commencing their own business in rural areas still after project ends.

## 1.7. Detailed description of activities

During the implementation of this project six activity groups are estimated and they are:

1. Survey among young residents in villages throughout the region in order to test their abilities to accept and start their own business.

We estimate that survey will treat 250 to 300 young people, potential candidates for business and about 400 to 500 village households.

Purpose in surveying households is to identify potential resources in certain municipalities where those are not adequately used and which could be used as starters for projects and investments.

Purpose in surveying young people is to identify potential to whom will be given the chance by this project to start own business. It will be proposed to them to form their own small companies or small specialized farms. The type and size of company or small specialized farm that will be proposed to them will depend on test results and judgements of project team, for which of proposed activities they have the best predispositions.

Together with project preposition the chosen applicants will be provide with additional service package regarding consulting, additional education and support for opening, registration and starting with work of the new company.

2. The process of surveying and analytical data processing of gather answers in survey will last the first three months from the beginning of the project in the shape of project profile which will be proposed to young entrepreneurs.

The project will be created on the basis of the preliminary research of market demands and surveying results about local resources which could be used in this program. This activity will last three months counting from the end of surveying and analytical data processing; it will be ended within the six months together with start of the project.

3. Perform education of young entrepreneurs selected during the surveying. Education will be carried out in the form of “small business school” – it means that 20 to 30 potential entrepreneurs will acquire basic management training in lasting of 20 academic hours of lectures and practical exercises. The lectures and practical exercises will be held in evening hours, four lessons weekly. After finishing the training the students will get certificates with recommendations for financial support of this project, and recommendation for the Republic Agency for SMC to look for their support, as well.

4. Make analysis of legal regulations and suggest to Administrative Bodies to accept some improvements and amendments of existing Laws, or to bring new ones. That will be the way the young people collect the courage to develop the entrepreneurial initiatives, and to obtain higher level of social support own self-esteem in running business.

5. Suggest and explain to RS Governmental Agency to support micro, small and mid companies, and the necessity of establishing special fund for financial support and funding young entrepreneurs’ business activities. This fund is in the bigger risk of supported projects failure regarding the lack of young people experience, and that is the reason why the commercial banks don’t give the money to beginners. To preserve the fund from risk, the responsibility for giving the money to young entrepreneurs should undertake the future young entrepreneurs consulting centre.

6. Carry out the establishing procedure and registration of consulting centre for young entrepreneurs in rural areas. The centre will continue working after this project ends as independent and non-profitable organisation. It should be consisted of professional team who will lead and direct the young entrepreneurs in the villages, and with professional volunteers’ team who will give answers on some specific questions. Along with this, centre should be equipped with suitable working material, with database, its own library and electronic equipment. By this way the Agency will be independent and serve the rural areas development for years.

Each of those six groups encloses a big number of particular activities which will carry out in line with suitable methods and dynamics of its field realisation. Some of activities will be carried out one by one, some parallel, and some in discontinuity, depending on complexity of particular tasks, e.g. available data, Administrative Bodies updating, and so on. However, all activities will be carried out within 12 months of project team active work.

Maximum 9 pages. Include the title and a detailed description of each activity to be undertaken to produce the results, specifying where applicable the role of each partner (or associates or subcontractors) in the activities. In this respect, the detailed description of activities must not be confused with the plan of action (see 1.9).

#### 1.8. Methodology:

We have experienced team trained to lead similar projects, as well as experts in branches necessary for performing this project. They will be engaged in the team of this project as well, which gives the guarantee to be successfully project performing. Larger number of members of that team took part in creating the Feasibility Study with reference in a possibility of employment and self-employment of young people in BH rural areas, which we have done during 2001 and 2002.

Using the results of Feasibility Study, we did preliminary studies in agriculture potentials and employment in this region. Conclusion was that presently existing potentials are to some extent and irrationally used and in the same time young people in large number are looking for a job.

There are three main reasons for such a situation:

Firstly, farmers are traditionally in the old fashion way practicing a system by producing “a little of everything” without trade ambitions aimed for domestic use, and only unpredicted extras are for market.

Secondly, large number of countryside population has attained standard and common form of education, and therefore is need to functionally load this knowledge with such, that is necessary in agriculture production and other skill crafts needed in countryside economy.

Thirdly, villages are just lacking in services of various crafts which could enable people to make their agricultural products a half fabricates or final products and to bring them out to the food market.

With this project a process of structural changes in countryside economy will be commenced and by doing so it will be a great help for economy development of the region.

Results of researches mentioned before showed that this region have actual material facts that this project is feasible. It is necessary to orient as many little farms as possible toward market expectations. Village households should be capable in other activities, besides primary agricultural production, for example: finalising their agricultural products to a higher extent possible aimed toward market, then in crafting services, collecting wild berries and collecting herbs for pharmaceuticals, and finally in developing eco-tourism.

This project takes all in consideration and can contribute accelerating the changes in structure of production and more complete treatment of resources existing and working potentials. Besides that experience and positive results from this project could be used as an example in wider area in BH and Balkans. However, on the entire Balkan area the agricultural structure and the organisational system are the similar, so positive results from this project could be used in wider area in BH and Balkans.

The project manager will be the experienced and high educated expert (CV in attachment), who had been working for 25 years as manager in industrial and trade companies, projecting economical development in Economic Institute, as well teaching in Faculty, and working in non Governmental sector.

In the methodological sense, the project will not treat the theoretical researches, since they are familiar, but its activities will be focused on practical objectives achieving. And that would be - enabling Regional development Agency for consulting of young entrepreneurs including the beginners, and during the implementation of the project make possible the opening the 20 to 30 new small companies in ownership of young village inhabitants. The surveying will be directed on households and young people of both genders near 30 years old, who live with parents. We will use the representative samples in order to obtain detailed data about potential natural resources in surveyed villages. Afterwards, we will collect the data about wishes and possibilities of young people regarding their trying to find the job and to permanently solve its existential needs. By comparing the data about villages' potentials, market needs and entrepreneurial possibilities of young, we will identify and suggest the establishing 20 to 30 new modernised small farms and/or small craft and industrial plant in ownership of young entrepreneurs. The complete investment elaborates will be created for them, with offer to be supported by this project in finance, consulting and education, and from the part of Agency for development supporting and managing small and mid companies in RS.

For successful implementation and economic sustainability of mentioned invested projects it will be organised specialised development Centre which will carry on with work after finishing this project. By this action 5 to 10 experts will find employment in the Centre, but other experts volunteers will be employed part time (mainly pensioned, but still vital engineers, lawyers and economists), for their services it will only be reimbursed necessary travel costs and staying in young entrepreneurs workshops.

On that way the synergy effect of young people enthusiasm and knowledge of older generation will be achieved.

In order to continue the development trend of entrepreneurship among young village inhabitants the analysis of present law regulations will be made, as well as identification of difficulties which disable young people to start own business. On the analysis base the suggestions will be made towards Administrative Bodies in order to change and amend law regulations, the result should be young entrepreneurship supporting.

Valuation of project performed tasks could be done on the next indicators:

Performed surveys analysed results,

Investment proposals number accepted from intentioned beneficiary group,

The number of new working places in established companies,

The number and structure of staff in development business supporting Centre for young entrepreneurs,

The action plan suggestions on Law changes and amendments quality, directed on initiatives supporting of young entrepreneurs in RS

### 1.9. Duration and action plan:

The total duration of the project is 12 months, as well as project team active work in achieving proposed activities. If we begin working on 01.01.2005, these activities will be finished till 31.12.2005.

We predict that the work dynamics for groups of activities (1.7) will last like this:

1. Preparings and surveying, gathering and data analysis – three months from the start of the project,
2. Creation of 20 to 30 investments proposals – three months from finishing the activities from 1,
3. Carry out education of young entrepreneurs selected through surveying, within three months from the end of previous activity,
4. and 5. Perform the analysis of legal regulations and make suggestions towards Administrative Bodies, Law amendments and establishing “risk” fund for funding of entrepreneurial beginners, within two months from the end of previous activity,
6. Establishing and registration the Centre for continuance of young entrepreneurs support, within three months from the end of previous activity, e.g. in 12<sup>th</sup> month of project activities and prepare final project report .

Table: Action plan

Year 1													
Activity name and month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Performer
Group 1.	x	x	x										Beneficiary
Group 2				x	x	x							Beneficiary
Group 3							x	x	x				Beneficiary
Group 4										x	x		Beneficiary
Group 5										x	x		Beneficiary
Group 6												x	Beneficiary

## 2. Expected results

### 2.1. Expected impact on target groups

In project activities will be included almost all village inhabitants from the region as interviewees sample. From that number 250 to 300 village households will be directly comprised. At the same manner 400 to 500 young persons of both genders will be surveyed, moreover they are target group of this project.

For the members of the target group it will be created min. 50 and max. 100 new working places. It means that the non-employment will be decreased for min. 10%, possibly even for 20%, regarding to a number comprised by survey, yet in the first year of project action.

Beside this, indirectly at least 10 persons will find the job in consulting service for young entrepreneurs, which is additional contribution in increasing employment among regional inhabitants.

Through the various types of additional education of non-employed persons, 100 to 200 young people will improve their capability to accept and use modern methods of economic activities and participation in managing local community affairs.

Youth Consulting Centre for young entrepreneurs which will be established the funds raised in this project will continue to act and offer its services to young entrepreneurs and after project ends. Centre will continue its activities as non governmental and non profitable organisation with its primary function to develop entrepreneurship of young people in rural areas. That way the *assets* of the project will still remain in community ownership.

Centre will annex itself activities to the already existing entity Agency for development supporting of SME of Republic of Srpska as specialised and independent centre for consulting to young entrepreneurs in rural areas of the region. According to activities as such, centre will expect financial support of the Government Agency because clients are going to be offered with services by lower prices acceptable for entrepreneurs who are just beginning their business.

In a way described the centre will be transformed in a specialised regional development agency.

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### 2.2. Publications and other outputs

Results accomplished with this project will be publicly and frequently published in various ways through the media.

Shortly after the donors sign the contracts press conference will be held. At the press conference the statement by the beneficiaries of the project will be issued and questions about purpose, sort of the project tasks and objectives and sources of funding as well will be answered.

Then, there will be a tender through the media to call upon the young entrepreneurs and others interested in applying their entrepreneurship interests.

During the project, at the end of every single group of project activities media will be briefed in order to inform public about the course of the project realisation, also there will be frequent statements and reports about results of the project.

Action plan will be issued with suggestions to local Entity Authorities how to support entrepreneurial ideas of young people in local rural areas. In the action plan as such there will be suggestions formulated about which laws and in which directions should be changed in order to remove institutional obstacles in entrepreneurial initiatives development of the young people.

Earlier, we described situation of a focus group. Because of the fact that young people are leaving villages seeking for a employment, life in villages every day is more and more poorer despite the fact there are unused natural and human potentials. Stopping or decreasing the young people emigrations and enabling them to merge their work with natural resources will allow villages and their local communities to revitalise and enrich in short time period.

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Maximum 1 page. Be specific and quantify outputs as much as possible

### 2. 3. Multiplier effects:

By the realisation of this project it will be given the chance to a larger number of young people to stay in their native land, moreover the process of young people migrations will be stopped or at least eased. This will enable that available resources of agricultural and forest origins have the better utilisation in villages and to be market prized. At present, most of this herbal resources and mineral as well, stay unutilised in economic sense, and simply ruin.

With more rational economic utilisation of village communities' natural resources in region, the young people will have the possibility to find the job, and to stay in home land. So, young people will have the opportunity to get married and to create families - that would be the way of population structure revitalisation. By residing the larger number of young people in villages, the cultural and sport activities will be improved quicker in those areas. This will also help young people to actively take part in political life and in democratic managing of local communities, which will have the larger impact on democratic development of whole country. With stopping the young people migrations from rural areas into the cities, the pressure on deficient public utilities will be decreased. The queues of unemployed young people in front of employing institutions and agencies will be lesser, in order to find the job in industrial branch or in other branches of city economy.

The queues of young people (who seek for work visas instead the tourist ones) in front of developed countries Embassies will be lesser, as well.

By increasing the income referring to better and more rational employment of young people and utilisation of local natural resources the GDP will increase as well as public standard of living. In that economic situation young people will decide to travel abroad like tourists instead of seeking the job there.

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Maximum 1 page. Describe the possibilities for replication and extension of the action outcomes.

### 2.4. Short- and long-term impact:

Proposed project will have multiple impacts on socio-economic regional development. In short-term impacts we include the opening of new work places, immediately after the project starts, because the 5 to 10 project team members will find employment temporarily.

After finishing the project and in beginning of implementation it will be opened 50 to 100 new work places for young people in 20 to 30 new established companies in ownership of young entrepreneurs in regional villages.

In the short term it will be visible the multiplication effect of invested money in this project. In theory and practise it is well-known that the money invested in business enterprises (in this case the project performing) has extended multiplication - the part of those who earn the money spend it, and the parts of it save or give it in new investments.

In any case the money spent in funding this project will in short term acquire direct impact on GDP increasing and on standards of living increasing for the part of population who will not be the direct beneficiary of this project.

In long-term logic the project will serve as development accelerator in the region development, since it will enable income increasing and establishing new industrial and service companies, along with this opening the new working places – productive employment in the region. After finishing the project activities the new established companies could operate with profit and to accumulate the funds for new investments.

On institutional level it will come to a better and significant impact on legal regulations in supporting entrepreneurial initiatives, and annulment of bureaucracy obstacles which disable young people initiatives, but not only them. The Action plan of changes and amendments of present Laws will be suggested, referring on investing and current business of industrial companies.

On political level the project will initiate more active participation of young people in public issues managing in local communities, but not only there. The young people will have the real and direct benefit of democratic decision-making a propos mutual meters and impact on public life of whole population. Without that, for them the democracy would be only abstract theoretical topic which unfortunately exists in nowadays situation

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