



Contracting Authority

< PRODUCT BOURSE "AGROLIJEVCE"(PBA)>

Grant Application Form

Budget line(s) < B7-54-10 >

Name of applicant:	NGO "KRAJINA" BANJA LUKA
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Dossier No	
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(for official use only)

I. THE ACTION

1. Description

1.Title: PRODUCT BOURSE "AGROLIJEVČE"

Location(s) :BiH, Republika Srpska , Banja Luka, village Topola, operates on the region which includes territories of municipalities Banja Luka, Srbac, Prnjavor i Laktasi

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

1.3 Amount requested from <EU RED >

Total eligible cost of the action	Amount requested from <EU RED >	% of total cost of action
< >		%

Where the financing in full of the action by < EU > 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

NGO Krajina from Banja Luka, as non-governmental and non-profit organisation, through support of five (5) municipalities in region of North-western BiH and through partnership with the local development organisation LIR planning to establish a regional bourse for an advancement of agricultural products sale.

Establishment of an agricultural bourse will include at least 500 small farmers from the region and over 150 small and medium enterprises which deal with a production, processing, packing, distribution and trade of agricultural products.

During implementation of the program will be made business plan of the bourse, making and adoption of the bourse's statute and other inaugural and the organisation's documents. There will be employed and trained 20 workers which will be permanently employed in the bourse services.

~~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

The main aim of the project:

To enable a sustained economic development in the field of an organised agricultural production through ensuring an effective service for producers and buyers in the sub region of the Lijevece polje.

Other aims of the project:

to introduce the use of European standards in preparation of agricultural products for the market,

to enlarge the sale of agricultural products for 20% yearly,

to increase export of agricultural products to foreign countries for 10 % yearly,

to include through the market at least 500 private farms and over 150 small and medium enterprises and agricultural collective farms which deal with production of agricultural products and the supply of farmers with required row materials ,

to improve a structure of production in private farms through step by step desertion of old fashioned production system "just a bit from all" for own purpose only and instead of it start with use of modern system of "an organised production for the market",

the bourse should become a centre in which framework will be united and concentrated offers of the farmers from the region and adaptation of offers to contemporary demands of the market,

a process of an adaptation of the supply to consumers means: standardisation of quality by sorting and legalisation of the products, an appropriate packaging, a sanitary control and food certification, a regular distribution and other activities of contemporary marketing.

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

1.6. Justification

Purpose of this project is to help to all farmers of the region Lijevece Polje to adapt their agricultural production as big as possible to contemporary market needs and to sell their

products under optimal economic conditions. In the region, there are around 15000 small private farms, two large state-owned agricultural enterprises, which will be soon privatised and around 150 small and medium enterprises which deal with activities close related with the agriculture.

In principle, the bourse is intended to all of them, but in the start we will work only with those who will sign appropriate contracts and accept rules of European standards and system of dealing through the bourse,

Based on our preliminary researches we expect that in the beginning the contracts will be signed with around 500 farmers, especially those which already have some results in the production, from area of the Lijevece Polje and the region of Banja Luka. In this area already exist certain tradition of production for the market, particularly truck farming, and fruit growing in hilly terrain of the Kozara and the Motajica mountains. Before disintegration of Yugoslavia a large number of farmers from this area, were selling their products in tourist zone of the Adriatic Sea, markets in Zagreb, Ljubljana and bigger towns of Bosnia and Herzegovina.

Nowadays a situation on the market has changed on two important segments of dealing. The first - a sale out of BiH borders has a character of export to foreign countries and the second - a way of selling and dealing with agricultural-food products in BiH has changed.

Now farmers individually are not able to adapt to a system of export regime related with export lots, quality of goods, quality and origin certification, customs procedure, system of payment, particularly payment from foreign countries and access to final consumers. At the moment it can be done only by good equipped institutions and professionally trained workers which work in those institutions. In keeping with this project, through establishment of the market will be arisen a qualified institution that will help to eliminate noticed weaknesses.

Also, the sale of agricultural products on domestic market inside of BiH faster and faster are adapting to European standards, and sets new demands for farmers related with presentation of goods and the system of dealing. Loosing the time on the market trying to sell a small quantity of their products is not anymore profitable for farmers. Selling through the market is more profitable for them because they will know in advance to who and under which conditions they will produce products on their farms and they will have a security that their products for sure will be sold.

The market formation at its start will be of direct benefit to over 500 private farmers which preliminary express a wish for adaptation of their production to the dealing through the market. Our estimate is that within following years almost 2.500 new farmers will join to them.

Except this, direct benefits will have 20 new-employed workers of both gender in the market services.

The first 500 private farmers already have certain experience related with orientation of their production in keeping with requirements and demands of the market and the bourse will be their mechanism for a safe disposal of goods. Until now they have directed a better part of their land capacities to fruit and vegetable production for the market. Now they face difficulties in selling so they are very interesting in establishing a market of this type.

Indirect benefits will have almost all farms and population of the region. Through the bourse will be created conditions for faster growth of a public gross product (GDP) and It will give a contribution to a growth of living standard in the entire population of the area.

The bourse will have an educational influence on other small farmers because it will show them in practical way favours that they can have if they are oriented to modern methods of co-ordination between their products and requirements and demands of the market.

Maximum 3 pages. Provide the following information:

- (a) relevance of the action to the objectives of the programme
- (b) relevance of the action to the priorities of the programme
- (c) identification of perceived needs and constraints in the target countries
- (d) list of target groups and estimated number of direct and indirect beneficiaries
- (e) reasons for the selection of the target groups and activities
- (f) relevance of the action to the target groups

1.7. Detailed description of activities

A program of establishment of the bourse includes a large number of activities and works which can be divided into two groups. Each group, individually represents a phase or a group of individuals. Other two groups of activities are:

- a) works and activities in preparation for establishment of the bourse,
- b) works and activities in establishment of the bourse.

Related with the first group (a) there will be done following activities (groups of activities):

Agreements with the partner about his participation in establishment of the bourse and defining his role in the project. Already is came to an agreement that the partner will be enterprise **PRODEX - Rogolji / Collective Farm Gradiska. Its role will be to place the object and the land at the bourse's establishment disposal. The object is an old administration building of the Agricultural Industrial Combine cca ...m/2 which presents a joint ownership participation in the project with 49% of the participation in the expenditures of the bourse's establishment and in the same time 49 % of the bourse's property.** The PRODEX – Rogolji has obligations related with assurance of technical and manipulative usability of the object for the bourse's function and necessary documents for its legal work. **NGO Krajina** as an applicant for EU RED program with its partners **will provide a necessity technical park for working and an effective activity of the bourse,** through own capacities will provide a transfer of knowledge from Europe Union countries, procure financial resources for an implementation of EU RED project in an amount of **124.575,00 EURO which all together surpass 200.000,00 EURO. After the project approval and the bourse's establishment will be invited foreign investors with the aim of establishing a mini canning, packing, distribution, freezing, drying and vacuuming vegetable, and fruit which will of course depend on investments increase capacities and effectiveness at that time the regional bourse and a significant the Bosnia and Herzegovina's mechanism.** Except that it will play a role in training the bourse staff in a transfer of knowledge of work of similar bourses in countries of European Union and about research of the market requirements.

2. Agreements with a legal authority of municipalities Banja Luka, Gradiska, Srbac,

Prnjavor and Laktasi about their support to the bourse's establishment. Their role in the project is to provide a support through renunciation of capacities of the municipal administration to the bourse's establishment, engagement of expert services and their consultants in the support to the bourse's dealing through introducing the law and financial privileges for agricultural producers, an advisory agricultural service for improvement of the farmer's production and products, support to revitalisation through employment of young people in the villages.

3. To send public appeal to farmers in order to express their business interest for dealing through the bourse.

4. To organise series of educational seminars for farmers who are potential co-operators in order to define mutual business interest and realise a volume and structure of goods which they could offer through the bourse to the market.

5. To agree in advance with farmers about type and quantity of agricultural products that each of them could offer for sale through the bourse already in the first year of its work with tendency to continue with co-operation within following years.

6. To do a market research on opportunities for sale in the country and in the export during the first and couple of following years of the bourse work in order to exert an influence on production orientation of farmers and its adaptation to demands of the market..

7. To draw up plans for founder documents (A decision of founding, a statute and working procedure regulations and the bourse system of working)

Notice: Activities referred to in points 1 and 2 will be carried out by NGO Krajina and authorised partners in the project. Activities referred to in points from 3 to 7 will be carried out by project team of NGO Krajina.

The second group of the work and activities (b) include following:

1. To adopt inaugural documents of the bourse on inaugural assembly conference which will be consisted of representatives of NGO Krajina, World Group and five already listed municipalities. To appoint an acting director and members of administrative and supervisory board of the bourse.

2. To carry out procedure of the bourse registration at authorised court in Banja Luka.

3. To register the bourse in authorised tax administration and bureau of statistic in keeping with current regulations.

4. To select a business bank and open a bank account at selected bank.

5. To announce an open competition to fill positions of key staff of the bourse.

6. To select and prepare education for new-accepted staff of the bourse.

7. To organise and make a visit of group of accepted the bourse key workers to similar bourses in Netherlands or Germany in order to study their methods of work and transfer the knowledge to work of this bourse.

8. To rent, adapt and technically put in order business offices of the bourse in a frame of its preparation for further dealing
 9. To select and purchase office and storehouse equipment and equip the bourse in the part of its technical qualification for dealing
 10. To work out a tariff system and price list in order to ensure lasting incomes and economic self-preservation after the project implementation
 11. To make and adopt a business plan for dealing of the bourse in the first year of regular dealing
 12. Market research and pre-contract sale agreement with future buyers
 13. Technical preparation of agreements by; sort, quantity and quality of product and dynamic of product delivery to farmers in order to put up to sale products through the bourse.
- This activity includes defining and making typically contracts and standards of quality for some sort of farms merchandise.
14. Made an internal rule book of activities, working procedure and working obligations of executive board of the bourse.
 15. To sign annual contracts with the farmers in connection with production preparation and sale of agricultural products through the bourse.
 16. To prepare and submit final report of the project activities implementation.
 17. To begin regular working activities of the bourse.

Notice: Activities referred to in point 1. will be implemented directly by the project team of NGO Krajina. Other activities will be done indirectly through inclusion of new-appointed executive management of the bourse.

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).

1.9. Methodology

We possess an experienced staff trained to manage similar projects and experts for professions necessary for implementation of this project. They will be engaged in the project team so it guarantees that the project will be implemented successfully

We have done preliminary research on agricultural product potential in the region. We have found out that a current potential is very little or irrationally used. There are two very important reasons for it. The first is inherited but old-fashioned farmers habit to practice a system of "natural" production which means the production "just a bit from all" in which

only random surplus are for the market. The second, there is not market infrastructure in the country which could be able to mediate between production and consumption so it cannot ensure farmers an orientation to direct their production to the market and adapt it to the market demands.

Also, we found out that many agricultural producers especially those which already have a some experience in specialisation of some part of their production for the market are very interesting in dealing through the bourse that we planning to establish.

The preliminary research results mentioned above showed that in this region exist real material preconditions for realisation of the project and its contribution to acceleration in economic development and self-preservation. Experiences and positive results of this project could be used as an example of its usage in wider region of BiH and Balkan. Namely, in all Balkan territory the structure of agriculture and the system of its organisation are very similar so experiences of this project could be used in other Balkan regions.

A link which missing in the institutional plan, which will open an opportunity for completely achievement of material preconditions that objectively exist for an agricultural development will be linked up through the bourse establishment.

As the project leader will be selected an experienced and high educated economist (CV in attachment) which has spent over 40 years working on management in industrial and agricultural enterprises, economic development planning in an economic institute, educational work on an university of economy and nongovernmental organisations.

Legal authorities of five roundabout municipalities promise administrative, moral and material support to process of the bourse establishment which is one of important preconditions for the project success.

World Group form Banja Luka which is the one of the partners in the project has professional staff and experience in working with similar institutions. Besides of material support it will offer educational services for the bourse staff and an experience transfer from similar bourses in European countries.

In particular methodology sense, the project will not deal with theoretical researches because they are already well-known. Activities of the project will be focused on practical solution of task set which is the bourse establishment, its organisational structure, entrance and training of the staff, procurement of an initial and financial found and establishment of lasting forms of co-operation with two basic target groups of beneficiaries of the bourse services.

Basic target groups of the project are private farmers from the region, collective farms and small and medium enterprises which deals with businesses close related with production and sale of agricultural and food products. At the start, from these groups through the project will be included around 500 private farms and around 150 enterprises and collective farms. Within further years a number of beneficiaries of the bourse services will increase growth rate of 10% yearly.

Through the bourse will be ensured conditions for farmers to modernise their production and increase their incomes growth at high rate of 10% to 20% yearly (now incomes are very low) and in this way dealing with agriculture will be more profitable and an attractive

occupation in comparison with current social status of farmers. There is almost equal number of men and women on farms so an advantage will have both genders.

In the bourse services will be directly and permanently employed 20 new workers of both gender so in this way the project is also eligible for EU RED targets.

As anticipated in dynamic of project implementation tasks the implementation of the project should be at least 12 months because a cycle of agricultural production lasts one year

Maximum 4 pages. Detailed description of:

- (a) methods of implementation
- (b) reasons for the proposed methodology
- (c) how the action is intended to build on a previous action (where applicable)
- (d) procedures for internal evaluation
- (e) level of involvement and activity of other organisations (partners or others) in the action
- (f) reasons for the role of each partner
- (g) team proposed for implementation of the action (by function: there is no need to include the names of individuals here)

1.9. Duration and action plan

Duration of all project activities will be 12 starting with the date of signing the contract. Particularly it will be finished by 31.12.2005 if by the end of 2004 the contract is signed. In this context the dynamic of planned activities has following month schedule:

Preparation activities with the partners related with methods of approach and roles in the project.

Notification and education of farmers, future members of the bourse.

Administrative-technical preparation for the establishment of the bourse (draw up plans for the establishment documents)

Establishment and registration procedure for the bourse.

Selection and education of the staff which will work in the bourse, including visits to bourses in Europe.

To equip the bourse objects and purchase working equipment

Draw up a business plan for the first working year of the bourse.

The end of the market research and contacts with future merchant buyers through the bourse .

Agreements and pre-contracts with farmers in order to plan the production.

Adoption of the tariff rule-book and the price list of the bourse services.

Signing of final contracts with farmers..

Preparation and submission of final report to EU RED.

Title of Activity (Ordinal numeral)	1	2	3	4	5	6	7	8	9	10	11	12	Implementing body
1. Preparation	x												beneficiary
2. Notification		x											*
3. Technical preparation			x										*
4. Establishment of the bourse				x									*
5. Selection of the bourse staff					x								*
6. Object arrangement						x							*
7. Business plan							x						*
8. The market research								x					*
9. Pre-contracts									x				*
10. Price list of the services										x			*
11. Agreements											x		*
12 Final reports												x	*

Notice: Indicators through months indicate final deadlines for finishing particular activity. A some of them will be performed in the same time and parallel.

- The duration of the action will be _12_ months.

Note: The indicative action plan must not mention real dates, but must simply show "month 1", "month 2", etc. Applicants are recommended to leave a certain amount of slack in the timetable of their action plan as a precaution. The action plan should not include detailed descriptions of activities, but just their title (please ensure that these match the titles listed in section 1.7). Any months without activities must be included in the action plan and the duration of the action.

The action plan for the first year of implementation should be sufficiently detailed to give an overview of the preparation and implementation of each activity. The action plan for each of the following years

(depending on the action's duration) may be more general and should only list the main activities foreseen for those years.¹ The action plan must be drawn up using the following format:

¹ A more detailed action plan for each subsequent year will have to be submitted before receipt of new pre-financing payments, pursuant to Article 2(2) of the General Conditions of the grant contract (see Annex E).

2. Expected results

2.1. Expected impact on target groups

Through the bourse dealing will be included at least 500 private farms and around 150 small and medium enterprises and collective farms which are engaged in the agricultural production and supply farmers with necessary reproductive materials.

The production structure in private farms will be improved through a desertion of old-fashioned system of production “just a bit from all” and only for own purpose. Instead of previous system they will start with using a modern system so called “ **production for the market**”.

The bourse will become a centre in which frame will be joined and concentrated supplies of farmers from the region and its adaptation to modern market demands. In this way will be changed inherited system of so called “natural production” – just a bit from all and nothing enough.

It will come to increase in productivity of production and sale of agricultural products in the region for approximately 10%-20% yearly. Especially important is that it will enable private farmers to export a bigger part of their production to foreign markets which is almost impossible if does not exist a dealing and mediation through the bourse.

If observed individually the private farms as a rule do not have enough technical and management capacities for a modern marketing of their products. This is a main reason for their orientation to satisfaction of their own minimal needs in which only surpluses are directed to the market instead of completely orientation of their production to the market.

In order to improve an inherited situation in which private farms are at the moment it is necessary to establish a bourse and through the bourse establish mutual business service for small private farms. In this way is possible to fill a link in the chain starting from production to consumption of agricultural and food products.

The bourse establishment will decrease a number of unemployed young people. At the beginning of work in the bourse will be employed up to 20 workers of both genders with tendency for employment to rise in accordance with increase in quantity of business transactions which will be done through the bourse.

Maximum 2 pages. Indicate how the action will improve:

- (a) the situation of target groups
- (b) the technical and management capacities of target groups or partners (where applicable)

2.2. Publications and other outputs

The bourse will be an open and public institution which will regularly announce reports of taken business transactions and latent demands of agricultural products. Except that through direct communication with clients-farmers and other members of the bourse there will be done a dissemination of market information and methods of improvement in dealing system.

During the project activities there will be a few briefings for the media in which will be spoken about the targets and an importance of the project for economic development and improvement of the agriculture in the region, current and coming activities which will be done and a permanently representation of the donor and the grant's importance as the foundation of the establishment and development of the project through the European model of the Regional Economic Development.

Opening and beginning of the bourses work will be conferred in public and followed by reports of electronic and other media in the presence of personalities from political and cultural life of the region and donor representatives.

After finishing the project will be published a publication (a booklet) about the bourse. The text about financing and activities of the bourse establishment and its aims, methods and future work plans will be illustrated with photographs, charts, drawings and numbers.

Favourable experience, system of organisation and working methods of this regional bourse will serve as a model for establishment of similar bourses in other regions of Bosnia and Herzegovina for example in Semberija and Posavina, Central Bosnia and Mediterranean zone of Bosnia and Herzegovina.

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

2.3. Multiplier effects:

Through the modernisation of the sale there will come to increase in quantity of the sale of agricultural products. It will contribute to increase in productivity and an effective usage of available cultivable soil and other resources in the agriculture.

It will come to increase in a gross national product (GNP) at very high rate of approximately 10% yearly because the current agriculture income (also the base for GNP account) is very low.

It will come to a positive turn in foreign trade balance of payments. At the moment BH has very expressive deficit in foreign trade exchange. The import is much bigger than the export in which the import of agricultural and food products has a big participation. However, there are not rational reasons for this enormous food import. BH has favourable natural and climatic preconditions not only for satisfying own needs for food but also for the export of a bigger part of its production of agricultural products.

Only these couple of indicators indicates that is necessary a faster change of the current production organisation system of the agriculture and the sale of those products.

Through establishment and the work of the bourse very fast will be created favourable multipliers of the changes not only in this region but also in whole territory of BH.

Even in the phase of creation and implementation of this project will be achieved positive financial effects. From the theory and experience is well known that any investment multiplies in the market because the incomes through investment are divided in a consumption and new investments in economic projects.

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

2.4. Short- and long-term impact

Through the project will be realised a large number of positive changes and influences on economic life of citizens and a development trend of the region.

Even in the implementation process will be employed 8 workers members of the project team which will work on the implementation of the project.

In the beginning of the bourses, work will be employed up to 20 new workers that will decrease in degree of unemployed young people.

After establishing, the bourse will be separated from NGO Krajina and constituted as profit stock company with own income resources. It will enable a normal and a sustained economic development of the bourse with an obligation to co-finance economic development projects of the organisation for 15% of incomes in an annual level within its existence.

Its client services for dealing with the agricultural products trade will be charged in accordance with public announced and economic competitive tariff nomenclature.

In the first year of working the bourse will sign contracts with around 500 private farms. One part of their production the bourse will direct to the market, supervise a use of standards, certify and sell their products. In the next 5 years the bourse will increase a number of farms-users which use its services at rate of at least 10% yearly.

Through its activities the bourse will have a positive influence on a change and modernization of the structure of agricultural production in the region and its direction to the needs of the market and in the same time will increase working productivity and incomes of this economic sector in Republic of Srpska and BIH.
