1. **PROJECT TITLE**
   FRUIT AND VEGETABLE PROCESSING AND PACKAGING LAKTASI

2. **SECTOR**
   Agriculture

3. **LOCATION**
   Laktasi municipality

4. **BRIEF PROJECT DESCRIPTION**
   The fruit and vegetable processing and packaging project is intended to establish a fruit and vegetable purchase and processing center. The municipality of Laktasi has a long tradition of fruit and vegetable production. Significant number of producers is applying modern technology and generating European yields. The prevailing crops in the field of vegetable farming are potato, onion, cabbage, pepper, tomato, melon, watermelon and cucumber, and those mainly produced in the field of fruit are apples, plums and pears. Since significant raw material base exists, it is necessary to organize the purchase and processing of agricultural produce, i.e. fruits and vegetables. The municipality is ready to make a location available to the investor to build and put into function a facility for fruit and vegetable processing and packaging.

5. **PROJECT DETAILS: WHAT TYPE OF PROJECT IS IT?**
   This is a greenfield investment to be realized in one of the business zones in the territory of Laktasi municipality. Namely, Laktasi municipality accommodates several business zones where this project can be implemented. The most prospective business zone Aleksandrovac is close to the Banja Luka-Gradiska motorway, which makes this location particularly accessible. Entire infrastructure is developed in the municipality of Laktasi, which makes it one of the most attractive municipalities for investment. Gradiska international border crossing with inspection controls for all types of goods is 20 km from the center of Laktasi municipality. The municipality of Laktasi is only 20 km from Banja Luka, the administrative and cultural center of the Republic of Srpska. Distance from the large regional centers to Laktasi is 300 km at most (Sarajevo – 250 km, Zagreb – 160 km, Belgrade - 306 km, Ljubljana 300 km). Development potentials in the territory of the municipality of Laktasi are vast, ranging from industry, commerce, agriculture and tourism, to culture and sport. In view of the fact that one part of Laktasi municipality belongs to Lijevce Field, i.e. plain and hilly type of soil which is one of highest quality arable agricultural areas in Bosnia and Herzegovina, its agricultural produce yields are
high and land is suitable for most agricultural crops. Agricultural land in Lijevce Field is the land of highest capability class and production potential, and most population is engaged in agricultural production. An analysis showed that the production would grow and even new producers would engage in commercial production if they had a guaranteed buyer for their products. The purchase and processing center could procure raw materials from the producers located in the territories of the municipalities of Laktasi, Srbac, Gradiska and Kozarska Dubica. Those municipalities have a long tradition of production of agricultural products, a quality raw material is produced and producers have mastered modern production technology. On the other hand, opportunities open to export local products to foreign market. Also, it is possible to establish cooperative relations between the investor and agricultural producers, i.e. the investor to provide agricultural producers with intermediate goods and advisory services to be calculated into the purchase price. That way the investor can keep all processes under control, from planting of crops to purchase. This type of operation makes the investor certain that they would deliver to their buyers the goods of certain type and quality at a price agreed in advance.

**PROJECT STATUS**

This project proposal is currently only a business idea.

**REASONS TO INVEST IN THE PROJECT**

Commercial interests of the investor are realizable. The very fact that the investor would take the role of a guaranteed buyer means that they would organize production with the producers in line with their own needs and intents, but also that they would buy quality raw material available at acceptable prices. The investor could be further motivated by favorable price of electricity, low transport costs due to the position of the municipality of Laktasi, as well as developed infrastructure and inexistence of other processing capacities.

Labor force in the Republic of Srpska is an underused resource, which supports competitiveness for investors. Worker salaries in the Republic of Srpska are lower than those in the vicinity. The average gross salary in Laktasi municipality amounted to BAM 1077 in 2014. According to the preliminary results of the census held in 2013, the population of Laktasi municipality is 36,848, of which 22.5% is unemployed. Competition in this field is not high, because agricultural producers are entering the market individually and cannot affect significantly the trends at the agricultural produce market.

Providing of notary, accounting and agricultural advisory services is established at Laktasi municipality.

The Law on Profit of the Republic of Srpska provides for profit tax base reduction by the amount of investment.
The municipalities of Laktasi, Gradiska, Srbac and Kozarska Dubica are prevalingly rural municipalities where most households are engaged in agricultural production. After Semberija, Lijevce Field is the largest producer of agricultural products in Bosnia and Herzegovina. There is room for expansion of production and that should be regarded as a possibility for prosperity of all parties in this process.

6. **PROJECT FINANCING**

**GIVE ESTIMATED PROJECT VALUE IN EURO**
About BAM 5,000,000

**PLANNED SOURCES OF FINANCING**
Entire project financing by investor

**INPUTS BY LOCAL PARTNER**
The municipality is ready to make a location available to the investor to build and put into function a facility for fruit and vegetable processing and packaging.

**INPUTS BY INVESTOR**
Funds for investment financing and added value chain management.

7. **HAS PHYSICAL LOCATION FOR PROJECT IMPLEMENTATION BEEN IDENTIFIED**
Distance from the administrative center of the municipality is 7 km. It is next to the M-16 Banja Luka-Gradiska trunk road, has a direct access to the Banja Luka-Gradiska motorway, and is very close to Banja Luka international airport.

8. **HAVE THE ACTIVITIES ON PROJECT IMPLEMENTATION ALREADY STARTED**
Adopted regulation plan. Feasibility study for Aleksandrovac Agribusiness Park was prepared as part of the European Union project of support to establishment and strengthening of business infrastructure to improve SME competitiveness (EUSESBI). By this study it is planned to expand the zone to additional 80 ha located on the other side of the Banja Luka-Gradiska trunk road and on the road connecting this road with the Banja Luka-Gradiska motorway.

9. **PROJECT APPLICANT AND CONTACT INFORMATION**

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