



AGRICULTURE AND MEAT PRODUCTION – BUGAR, BIHAĆ

Project title	Agricultural and meat production in Bugar, Bihać in Bosnia and Herzegovina
Sector	Agriculture sector - Livestock
Location	Municipality of Bihać
Location description	Bugar is located in the north-western part of Bihać municipality, near the country border of Republic of Croatia. This location is well known as high yield land, marked with large grassland and plow land.
Project background	Bosnia and Herzegovina is a country which offers good opportunities in food business. Most factors of meat business are under control of local authorities which are friendly oriented in order to attract local and foreign investors towards projects using immobilized resources of land in Bihać area. Although political and market risk of this project exist, with good regulation of legal aspects of concessions, most of those risk are controllable. Parallel to the process of getting concessional rights for using 700 ha lands at site Bugar, Bihać, it is recommended to start negotiation process between local and foreign partners in this project. That negotiation should to be completed with Letter of Intent signed by local and foreign partner. After getting concession, two partners will start the process of establishing joint venture company in form of company of limited responsibility. After that the project could start its operational stage by investments works in land preparation, farm construction, contracting farmer production, supplying beef cattle, organizing business function and hiring personal of the company.
Project status	-Feasibility study – completed -Business plan - completed -Concession – in process



Project description	<p>Project of meat production in Bugar, Bihać is related to the investments in primary agriculture production and meat production at land area of 700 ha. The concession for using that land in the period of 25 years will be given by Government of Una Sana Canton (USC) to the local partner in Bugar project. Concession will be transferred to the Joint venture company. For the implementation of this project a joint venture company in form of limited liability company (Ltd), named as KRAJINA FOOD BIHAĆ (KFB) will be organized by local and foreign partner with equal share in the equity and future capitalization of the company. Total investments and all other preparatory activities for starting business could be performed in 12 months after signing Letter of Intent between local and foreign partner.</p> <p>Primary agriculture production (barley, oats, corn silage and grass-clover blends) will be performed by private farmers, based on contracts with KFB. Meat production will be organized at two farms with the capacity of 500 beef cattle per round, i.e. with the total annual capacity of 2000 beef cattle and meat production of 900 tons per year.</p> <p>The project has internal rate of return (IRR) of 13.25% and period of return between 9 and 10 years.</p> <p>After the start-up of joint venture company is KRAJINA FOOD BIHAĆ (KFB) for agricultural and meet production, the project can be further developed by:</p> <ol style="list-style-type: none"> 1. Increasing the baby beef production by expanding beef cattle farms 2. Introducing a new line of secondary production in the milk production with a farm of 600-1000 milking cows. 	
Estimated total investment cost	2.93 million €	
Inputs provided by local partner	Value	Description
	1 466 389 €	A local partner, who has the right to concession for using the 700 ha land at the Bugar, Bihać site. The local partner transfers the concession right to KFB. Besides, the local partner invests capital for carrying out the investment into the project.
Inputs required from foreign partner	Value	Description
	1 466 389 €	Investment of capital into the joint venture company and capital for investment into the project.
Form of cooperation with foreign partner	Joint Venture Enterprise	
Supporting information available	For additional information about this project, please contact FIPA either by e-mail: fipa@fipa.gov.ba or phone number: +387 33 278 080.	