

Project Information Sheet
Conference project brief number (PBN): 25 & 26



Rural Business Centres

&

Farmer Associations

Agricultural development

Description:	Assisting agricultural development and economic growth
Beneficiaries:	Inhabitants of Sighisoara and regional villages
Project Implementation:	Patronatul National Roman (PNR) NGO
Co-implementer:	Local Councils and individual farmers, MET / UNDP and Avalon Foundation.
Timespan:	Immediate 1 year.
Estimated Cost:	204,760 USD
Partners:	Local council, village inhabitants and producers
Origin:	This project originated through a successful programme designed, initiated and pioneered by PNR and USAID.

1. Title of the Project

Rural Business Centres and Farmers' Associations.

2. Location of the Project and Area of Coverage

The project proposes to set up 4 rural business advice centres in 4 communes and organize training sessions on farm and business management, assisting about 10,000 of rural producers in the triangle of Sibiu, Sighisoara and Brasov.

These rural business advice centres, will function as independent departments of the local government, having employed a permanent assistant hired by the local authorities.

This project could be considered as an extension to another project that is being implemented in Fagaras area, project financed by the USAID. An outcome of the rural business centres will be the establishment of farmer associations.

The building of the associations mainly consists of an educational process of the farmers concerning the principles of the international cooperative movement, as well as of farm management based on market economy.

This is made more productive if first of all, through the Rural Business Centres, farmers have received some professional training.



2. Justification

The inspiration for this project is the realisation that existing economic potential from the different communities is wasted or under-utilised because of the lack of skills and knowledge in management and marketing at the rural community level. Based on a study PNR did on the micro-economic level, a number of micro-economic constraints have been identified at this stage:

- Subsistence level activity where individuals will consume what they produce, and sell only when there is a surplus
- Low level of technology is used and this is often a major constraint for increasing output levels
- Lack of trading skills and no ability for market identification
- No information on quality standards, often giving rise to products of variable quality which, in turn acts as a barrier to enter markets where higher prices can be obtained
- Lack of business management skills
- Lack of finance for potential investments to increase productive capacity and efficiency

Furthermore, private farmers and associations don't have the technical abilities necessary to work out the documentation in order to access subsidized credits or grants, although the private sector provides 80 % of production.

Meanwhile, according to the general framework of reform, agriculture has become a priority for the Romanian Government, a very ambitious reform programme replaces the step-by step strategy, proposing structural reforms accompanied by appropriate legislation.

A cooperative, called association in order do not create any confusion witch communist coop, is a support for its members, whatever the size of their farms, which creates confidence that their product will be sold at the best possible price. The association creates for its members a protection and an interface to the

market, which could provide for them trust for the future on the one hand, and generate both cohesion spirit and positive competition between members on the other.

An outcome of this is the facilitation of local produce to being branded and marketed. Even it is about long-term process, the expected results of the cooperation done in a democratic and transparent way, combined with the constructive competition between members as well as with cheap technological solutions are going to build a strong motivation for flourishing farms and income levels.

3. Objectives of the Project

a. Long-term objective

- Sustainable development through the appropriate use of heritage – cultural and natural – of the region and the effective operation of programmes and projects and of private ventures in the region.
- Existing micro-producers and artisans to maintain economic autonomy while raising their standards and profitability. To safeguard and sustain the economic and social fabric of rural Romania and the villages through bringing their assets to a wider market.

b. Immediate objectives

- **The aim of the project** is to support the private sector development and poverty alleviation by providing direct specialized assistance for business start-ups, development and management to local communities in 4 Rural Business Advice Centres. The Centres will provide invaluable information, consultancy and training for SMEs as well for individual entrepreneurs and farmers and rural producers.
- Info–Business setting-up offering information on financing programs, business opportunities, participation at fairs, exhibitions and economic missions, partnerships.
- 300 trained entrepreneurs and farmers: establishment of Farmer Associations: establishment of a democratic organizational frame for the farms.
- Establishment of a farm products payment system according to quality
- Ability of dealing contracts with buyers/processors
- Increasing the rural products quantity and quality – with a primary focus being on the business potential of organic produce in Transylvania.
- Increasing the efficiency of the activity in individual farms by using cheap solutions
- Establishing a trust-based and communication between the producers and the processors and training both toward certified organic production techniques and sales.

4. Activities of the Project

- Secure 100% financing of the project from donors
- Inform authorities, rural businesses, farmers and the public in the region about the availability and purposes of the rural business advice centres.
- Secure experts and trainers to train 300 persons in farming and business skills including experts involved in organic farming.
- Publicize the course for the interested participants
- Organize and develop the seminars for developing the rural participants' managerial skills and competence.
- Establishment of the associations: organizing the General Assemblies of the Members
- Legal establishment of the Associations

5. Inputs

a. Human

- 1 project manager
- Local producers
- PNR and/or Avalon Foundation programme of training and support, including organic farming

b. Material

- Financial
- Local producers and products
- Office space routinely made available in local council buildings

6. Requirements from outside the project

- Finance

7. Calendar of Activities and budget

BUDGET	Est Cost					
Salaries	11400					
Space and Utilities	7700					
Supplies	2800					
Equipment	3,600					
Communication	1,200					
Transport	2,400					
Consultants Fees	4,000					
Contractual and Professional fees	1,800					
300 participants	72,000					
Associations Establishment	97,860					
Total in USD	204,760					
4 rural business advice centers	Jan-05	Apr-05	Jul-05	Oct-05	Jan-06	
Secure Finance and support from local councils						
Inform authorities , rural businesses, farmers and the public						
Develop a training strategy for the rural participants						
Secure experts and trainers to train 300 persons in managerial, marketing, business planning						
Publicise the course for participants						
Press conference and PR						
Training modules						
Monitoring and Evaluaton						
Establishment of Associations						
Key						
Start						
Ongoing						
Complete						

SUSTAINABILITY:

The project will continue after the implementation because the rural business advice centres will function independently as departments of the local authorities and will be financed from the advice centres' fees .

The rural business advice centres will:

- Assist would-be-entrepreneurs with the information and consultation assistance needed to start a business.
- Assist existing small and medium size businesses in such areas as training, marketing, accounting and so forth.
- Assist start-up businesses, especially those in service areas, by providing inexpensive space and centralized services (copying, fax, e-mail, etc.).
- Assist SMEs and farmers in securing micro-loans for their operations.
- Provide networking and other business development opportunities for clients of the centres.
- Provide information to the rural business advice centres' clients about business opportunities worldwide and attract outside buyers and investors to businesses in the region.
- Assist businesses in the region and nationwide with training programs tailor-made to their needs and inform about funding opportunities
- Provide a monthly bulletin with all the information concerning financing possibilities, grants, seminars, training sessions, fairs.

Fagaras Case History – the case of Patronatul National Roman's previous programme

Six key indicators to success:

*First of all, **the number of the members in our association increased** very much .In 2001 our association had 45 members .At the moment,we have 1410 members. These results show that the association has increased its capacity to attract new members and keep them.*

*The second indicator is **the continuous growing of the association prestige** . P.N.R. has proved that it promotes their members' interests by initiating and supporting their activities and projects .The association is contributing to the SMEs development by providing connections with other businesses, creating and implementing standards for different levels of education and training ,qualifiing the labor force to meet the needs of the different economic sectors . P.N.R. is developing a succesful private –public partnership . with the local councils , local governments.*

*The third indicator is given by **the improvement of the business environment** by establishing and developing connections with other business and professional associations , providing information and assistance about financing programmes , providing management ,strategy and restructuring specialists. The association promotes the members's interests in relation with the local authorities lobbying for the development of the SMEs .The development of the private sector could be the only economic alternative in our region very much affected by unemployment .*

*The fourth indicator is **the numbers of trained people** (147) and the number of eligible project proposals (35) . By the training we organised , we contributed to the better accessibility to financing programs and SMEs economic development. A project proposed by the Town Council from Comana de Jos was approved by SAPARD programme. The local community received 954.000 Euro for an infrastructure project . The SAPARD programme for SMEs and private entrepreneurs will be launch at the beginning of May when, we hope, more project proposals will be financed. The project financed by CIPE-USAID "Project Management Training in Three Rural Business Units in Brasov County " has a multiplication and sustainability effect because many companies and rural producers have expressed their intention to participate to our seminars .For the training we provide ,they will pay 100.000 lei for each participant .This money will be used for the rural business units development .*

*The fifth indicator is PNR **capacity to create new programs and services according to the members' needs**. The association will develop and strengthen the advisory and resource department, by qualifying and training the lecturers and trainers ,by providing commercial law specialists and financial analysts and valuation specialists .*

*The sixth indicator is given by **the economic and social impact** At the individual level the project leads to the income increase due to the information received from the rural business units on agar-products marketing and potential business opportunities for the rural producers. In the second year of activity, the number of animals will grow and we shall assist to the diversifying activity income producers. As long as the rural business units will develop, they will diversify their services for the members. At the local community level, the impact could be found in the general well-fare increase and a motivation of the individuals. The social impact could be found in the social cohesion at the local level. The rural business unit stimulates the constructive competition between the producers. The rural business units become active partners for authorities, other organisations, financing partners.*