



EUROPEAN COMMISSION

Asia-Invest Programme 2006-2007

Grant Application Form

Open Call for Proposals

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Deadline for receipt of applications: 06/10/2006 and 09/03/2007

Please tick ONE component as appropriate:

<input checked="" type="checkbox"/>	Component A: Partnership Projects
<input type="checkbox"/>	Component B: Capacity-Building

Name of applicant:	Czech Mongolian Chamber of Commerce
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Dossier No	
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CONCEPT NOTE FORMAT

1. Summary of the action

Please provide the following information:

1.1 Brief description of the proposed action.

The proposed action targets small and medium livestock farms in Least Developed Regions of Mongolia and the Inner Mongolia province of China. Together with EU firms, institutions and investors supplying know-how, equipment and finance to develop range of dairy product, improve farm management, veterinary care, hygienic standards and quality, increase productivity and find market for their products.

Project concentrates on farm managers willing to produce cheese, yogurts and other dairy products that can be sold on matured market in Ulaanbaatar (Mongolia). The aim of the project is to help farm managers to prepare bankable business plan, bring best of them on a trade mission to the Czech Republic, where they can match with EU SME suppliers and investors to choose the technology required and obtain the financing. EU SME suppliers will internationalize their activities.

The Project Team setup and roles of team members are the following partners:

- **Czech Mongolian Chamber of Commerce (CMCC)**
Coordinate the project, address suppliers and financial institutions from the Czech Republic, and organize meetings and workshops in the Czech Republic.
- **Co-operation for Development (Projects) (CDP)**
Identify UK based suppliers and investors, bring them to Czech Republic to meet Asian farm managers and assist them in future cooperation.
- **Mongolian National Chamber of Commerce and Industry (MNCCI)**
Identify Mongolian farm managers; organize project team meetings in Ulaanbaatar.

In association with:

- **Institute of Veterinary Medicine (IVM) Ulaanbaatar, Mongolia**
Advice on the selection of small and medium sized milk farms, implementation of veterinary and food safety components of the project, monitoring the progress of project
- **China Council for the Promotion of International Trade Inner Mongolia (CCPIT)**
Represent managers of small and medium livestock farms from the Inner Mongolia province China. Observe project implementation, collect contacts to investors and suppliers on the trade mission to the Czech Republic.

The targets are Mongolian farm managers developing projects & EU firms supplying equipment, finance & know-how for dairy production.

The proposed action will include:

- Dissemination of objectives via three workshops for private sector & local authorities (and to mobilize interest of EU SMEs, investors and Mongolian farm managers).
- Assist SMEs from the Czech Republic and UK to internationalise their business strategy.
- Farm managers' identification for participation in wider programme and public competition for place in Matching Trade Mission (minimum 10 places).
- Matching Mongolian farm managers with EU suppliers of finance, know how & technology and further assistance in their mutual cooperation.

2. Relevance:

2.1 How relevant is your proposal to the needs and constraints of the target country or region?

In Mongolia, one **half of population works in agriculture**. Cattle breeding produce about one quarter of country GDP output. The majority of rural population engages in extensive cattle breeding. Development of this sector, **increased incomes of farmers and boost of Mongolian export are blocked by lack of capacities for production processing**.

Our proposal aims at building capacities of small farmers to process and sell their production (we focus on dairy production). At the same time, we need to supply information how to increase productivity, improve farm management, veterinary care, hygienic standards and quality.

2.2 *What are the problems to be resolved and the needs to be met?*

We identified the following problems and needs of small and medium farmers in target locations:

- **The milk produced is not pasteurised** (must be used immediately, health risks due to transmitted diseases)
- **No equipment for dairy production available** (farmers cannot produce and sell via market chains)
- **Limited access to market** (After 1990, when cattle were privatized, small farmers lost their access to the market. Today, customers demand high quality products)
- **Low quality and hygienic standards** (quality of milk is affected by mastitis and other diseases, low level hygienic standards)
- **Low productivity** (the productivity of milk per cow is three times less than EU average)
- **Cattle diseases** (fluctuation of cattle numbers caused by widespread diseases that also affect milk quality and cow productivity)
- **Desertification and soil degradation** (due to mismanaged extensive breeding, pastures degrade)
- **Insufficient feeding** (lack of capacities to produce and conserve fodder)
- **Variation in milk price** (during wintertime, when local milk production is discontinued due to insufficient feeding, powdered milk is imported and price soars)
- **None or limited interest to collaborate with other farmers** (small farmers do not share resources, they are not organised to promote their interests)

Our action is designed to impact on most of these problems by transferring know-how, technology and financing from EU member states (Czech Republic and UK).

2.3 *Who are the actors involved (final beneficiaries, target groups)?*

Target group are Mongolian (and Chinese) farmers who will learn how to develop range of dairy products that can be distributed via local market chains and also exported.

Next target group are EU technology suppliers and investors willing to export their products to Asian countries. Final beneficiaries are also Mongolian customers buying milk from local production without health risks and year-round. Beneficiaries are families owning livestock selling milk to dairy producers. Local people employed in new positions to maintain the technology, produce cheese, yogurts, logistic operations, etc. Population of Ulaanbaatar (one million) will benefit from the project by being able to buy pasteurized milk and dairy products much cheaper from local production.

2.4 *What are the objectives and expected results?*

To promote awareness of Mongolian and Chinese farm managers and market of availability of EU equipment & finance to implement projects in Mongolia and China.

The purpose of the awareness promotion, small scale business mission and flexible business encounters between EU companies (in the Czech Republic) and selected Mongolian and Chinese farm managers is to facilitate matching of projects requiring support to sources of equipment and finance. The associated capacity building and training is to improve the capacity of farm managers to prepare bankable projects.

2.5 *What is the added value of the action (what adds the action by reference to (central or local) government action and actions implemented by non state actors)?*

Czech economic assistance to Mongolia (document summarizing priorities for 2006-2010 published by Czech government) – project to support veterinary assistance is running, priority is also dairy production. CMCC closely collaborates with organizations implementing these projects in Mongolia. According to a strategic paper “Economic Growth Support and Poverty Reduction Strategy” (EGSPRS 2003) published by Mongolian government, the development of agriculture should involve better marketing of products and actions to support collaboration of farmers. This is the first EC project supporting development of dairy production in Mongolia (as far as we know).

The Mongolia-Japan-FAO/UN Dairy Food Security Project GCSP/MON/001/JPN focuses at this stage on milk collection processing and distribution to urban centres. Government launched (2004) "white (milk) revolution" project and Mongolian National Dairy Programme (Launched October 2006).

Our project is unique – it favours small dairies capable to decentralize and diversify production.

3. Methodology and Sustainability:

3.1 What are the main project activities?

The project will start with dissemination workshops in Prague, London and in Ulaanbaatar. The information about the project with the offer to participate will be broadcasted by Mongolian TV channels and advertised in Ulaanbaatar press. The aim is to recruit at least 40 farm managers willing to participate in the project and write their business proposal.

Once these recruitment activities have been completed, the group of EU and local experts will assist farm managers in identifying their problems and in formulating solutions. This phase is particularly important, because our ground research showed widespread lack of awareness of problems and solutions among farmers. The assistance in preparing written business proposals will be also necessary.

The European recruitment campaign will focus on investors and on companies producing the technology needed in Mongolia (milking, feeding, mini-dairies, genetics, veterinary, etc.). We plan to recruit at least 20 companies from the Czech Republic and 10 from UK (investors, technology producers, bio products marketing specialists).

The central point of the project is the trade mission (7 days) of Mongolian farm managers in the Czech Republic. In the beginning of the trade mission, matchmaking workshop in Prague will be organized. Managers will hold pre-arranged one-to-one matchmaking meetings with EU companies. Later, they will visit farms, where requested technology is installed, meet with investors and credit institutions, to negotiate the financing of their business proposals. Several months after the trade mission, consultation workshop in Ulaanbaatar ensures that the activities and cooperation continue. The project will be evaluated throughout the program, and upon completion a final evaluation report will be made.

3.2 Who will be your main implementing partners, what is the length of your relationship with them and how will they be involved in the project?

Mongolian National Chamber of Commerce and Industry (MNCCI) has been our main partner in Mongolia since CMCC was established (cooperation agreement since 2005). The role of MNCCI in the project is to identify Mongolian farm managers, organize project team meetings in Ulaanbaatar, and the follow up support.

With Co-operation for Development (Projects) (CDP) we have begun to work on several projects since early 2006. They had initiated our interest in the Asia Invest program. The role of the CDP is to identify UK based suppliers and investors, bring them to Czech Republic to meet Asian farm managers and assist them in future cooperation.

China Council for the Promotion of International Trade Inner Mongolia (CCPIT) is the traditional partner of MNCCI in China. Their role in the project is to represent Chinese farm managers with the idea to extend the impact of the project to Inner Mongolia province.

3.3 How will the project achieve sustainability?

This project is a pilot, more cooperation is expected to follow. The best advertising for agricultural technology is to see a neighbour using the technology and profiting from it. We expect that several new contracts for EU companies backed by Mongolian based investors will follow, after the technology is introduced to Mongolian market. CMCC and MNCCI will stimulate these activities by follow up workshops and trade missions financed by private sector.

3.4 Will it have multiplier effects?

Mongolian government supports projects leading to increased production and export of Mongolian dairy products. Expanding this project to broader area would also weaken rural exodus by increasing local employment.

Neighbouring countries (Inner Mongolian in China, Kyrgyzstan, etc.) have similar problems and this project can be replicated there. EU companies involved in our project will learn how to deal with Asian partners and they would be able to extend the export of their product to the whole region.

4. Expertise and operational capacity:

4.1 What is the experience of your organisation in project management?

Despite Czech Mongolian Chamber of Commerce (CMCC) was founded three years ago, it has already organized or co-organized considerable number of trade missions, workshops and business meetings. Selected events related to this project proposal are listed below.

14. 12. 2006 CZECH MONGOLIAN AGRICULTURE WORKSHOP IN PRAGUE

The minister of agriculture O. EnkhTUR visited Czech Republic recently. CMCC organized Czech Mongolian Agriculture workshop, where accompanying businessmen met private companies from the Czech Republic. The matchmaking event was smaller (30 companies involved), but precisely targeted.



8-12. 9. 2006 EXHIBITION OF CZECH COMPANIES IN MONGOLIA

We organized the participation of our member companies in the exhibition IMPORT SHOW - Ulaabaatar partnership. We also co-organized Czech-Mongolian business forum (together with MNCCI) for companies accompanying Czech president V. Klaus.

29. 9. 2005 THE CONFERENCE "CZECH – MONGOLIAN BUSINESS FORUM" IN PRAGUE

To link Mongolian companies (trade mission affiliated to Mongolian minister of Industry) with Czech partners. Our chamber organized the conference, introduction of companies, one to one business meetings and the social event on the boat.

10-24. 8. 2004 THE TRADE MISSION OF CZECH PRODUCERS TO MONGOLIA

Czech producers of sanitary and heating technology met with Mongolian partners in Ulaanbaatar, Mandalgobi, Kharkhorin, Erdenet, Bulgan. The result was contract for the supply of heating bodies (Richter&Frenzel). Participants: Richter&Frenzel, Metrostav, Sanela, RolTechik, Osma, Rems, etc.

16-18. 8. 2004 INDEPENDENT EXHIBITION OF CZECH PRODUCTS IN ULAANBAATAR

The goal of the action was to promote Czech products (sanitary and heating) in Mongolia. The exhibition took place in the hall of the M&Bill Khan Company Ulaanbaatar - MobiCenter. Big impact factor achieved – three television channels broadcasted about the action in their evening news.



4.2. What is the experience of your organisation and your partner(s) of the issues to be addressed?

CMCC has very good knowledge of the issues addressed by this proposal. We have established Czech Mongolian Chamber of Commerce after we returned from the humanitarian aid expedition to the Mandalgobi province in Mongolia. The aid was for farmers and herdsmen affected by unusually tough winter called "Dzuud". There we came to the conclusion that only thing that can help these people is business. Help them to manufacture and sell products in competitive environment is the right solution.

Our chamber has several member companies both from Czech Republic and Mongolia that are active in agriculture. Recently, we organized the Czech Mongolian Agriculture Workshop, where we identified problems and proposed solutions based on cooperation of Czech and Mongolian private sector. CMCC also assisted in specifying targets for Czech Economic Assistance to Mongolia in agriculture sector.

MNCCI has a profound understanding of the farms in the region and their needs and constraints. Also experts from associated Institute of Veterinary Medicine have good experience in technical assistance to local farmers.

CDP has been involved since 1983 in agricultural projects in Africa, the Caribbean Basin and Middle East. The organization has also given financial and technical supports to Small & Medium Enterprise cheese producers in Jordan, Lebanon and Palestine.

Most recently CDP has helped set up an SME B2B network in Indonesia based in eleven cities to promote business links between EU and Asian SMEs, especially in sectors such as agribusiness, imports of equipment, exports of agriculture products and identification of business partners and investors.

All partners CMCC, MNCCI, CDP and CCPIT are experienced in organizing trade missions, workshops, matchmaking events, etc.