

## A. Description of project possibilities

**A1. Name of the project:** Creation of a production of chrome and yuft leather goods for work footwear on the Republican unitary enterprise “Grodno Industrial Leather Association”.

**(a) Brief name:** Creation of a production of chrome and yuft leather goods on the Republican unitary enterprise “Grodno Industrial Leather Association” (4 mln. dm<sup>2</sup> per month).

**(b) Full name:** Creation of a production of chrome and yuft leather goods for work footwear on the Republican unitary enterprise “Grodno Industrial Leather Association” (4 mln. dm<sup>2</sup> per month).

**(c) Brief description (annotation):**

The purpose of the given project is to move leather production from Zernova str., 3 to the territory of the plant on leather stuff preprocessing, situated in the industrial zone: Grodno, Pobeda str., 10.

**A2. Project condition:** Pre-investment stage. The organization conducted preliminary technical and economic research. The production technology and the list of primary equipment were defined.

**Investor is needed.**

**A3. Participating organizations and their role. (contact persons, phone, fax, e-mail, web-page):** The enterprise “Grodno Industrial Leather Association” is the initiator of the project, Makovelskaya Zinaida Afanasievna – director-general – is the borrower, tel.: (+375-152) 77-01-84, fax (+375-152) 72-15-33, 71-15-30; [shupitskijm@hotmail.com](mailto:shupitskijm@hotmail.com)

**A4. . Description of the project (approaches, tasks, components, results, stages, terms, general financing, advantages, influence on transition periods in economy, etc.):**

The implementation of the project is planned to be conducted by means of the reconstruction of the plant on leather stuff preprocessing with modern technological equipment installation.

Approximate cost of the project – \$ 6,0 mln. USD.

**A5. Preconditions / history/ general program / interconnected or similar projects**

The main “Grodno Industrial Leather Association” activity is the production of chrome and yuft leather goods. The project is connected with the production transfer from the city centre to the industrial zone.

**A6. Brief description of influence on environment:**

Substantial emission within the allowable norms. Modern equipment and technologies will allow to reduce total amount of emission, also at the expense of fuel resources use.

**A7. Possible obstacles/ problems/ level of risk:**

The most essential risk, influencing the project realization is the rise of costs on raw materials and materials.

**A8. Terms of realization and payback period of the project (years):**

5\ 4,4 years.

**A9. Branch characteristic of the project:**

Light industry.

**B. Articles of capital costs**

(total investments necessary for the realization of the project)

<b>B1. Physical components of the project (equipment, work, services etc.) necessary for the realization of the project</b>	<b>B2. Capital investments (mln. USD)</b>
Acquisition of equipment and materials (equipment spare parts) (Italy, Check Republic)	2,5
Costs on net working capital forming	0,5
Other costs (treating facilities, boiler-house)	1,5
Structure	1,5
Total:	6

<b>B3. Sub-projects on the disposition</b>	<b>B4. Project cost</b>

**C. Capital according to the source of origin which is available at the initiators of the project (proprietors, associates, sponsors, etc.)**

<b>C1. Kind of sources (grants, investments, share participation/ property etc.)</b>	<b>C2. Sum (mln. USD)</b>
Equity (structure)	1,5

**D. Required investments, missing means.****D1. Lack of financial assets, kind of grant-in-aid (credit, individual share, etc.)**

It is necessary to finance the acquisition of equipment. Creation of a joint venture may be considered.

<b>D2. Sources of financing</b>	<b>D3. Type of a financial instrument</b>	<b>D4. Sum (mln. USD)</b>

An investor's capital	Direct foreign investments	4,5
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**D5. Data of financial establishments involved into the realization of the project:**

**E. Demand (consumers) and proceeds**

**E1. Type of consumers/ markets, volumes, prices, incomes, estimated benefits / savings**

Leather goods supply to the CIS countries – 60%, long-distance foreign countries – 10%, home market – 30%. Belarusian factories are main consumers in the home market.

<b>E2. Proceeds (sales)</b>	<b>E3. Sum (mln. USD)</b>
Income from leather goods sale	4, 604

**F. Operational expenditures.**

**F1. Component expenses, depreciation policy, organization of manufacture and etc.:**

For the project's realization the enterprise has got free working areas, partly engineering services and necessary equipment. There is a need in treating facilities and a boiler-house.

<b>F2. Articles of expenses</b>	<b>F3. Sum (mln. USD)</b>
Raw materials, materials, fuel and energy for technological purposes	2.413

Personnel expenses	0, 624
Amortization	0,241
Others	0,538
Total	3,816

**G. Net profit.**

<b>G1. Profit of net profit (proceeds E2 minus operational expenditures F3)</b>	<b>G2. Sum</b>
Net profit	0,731+0,241=0,972

**H. Information source of the project.**

**H1. Form is filled in (by first name, last name, position)**

Savich Edvard Ivanovich - chief engineer – tel: (+375 152) 72 05 80  
Stepuro Valentina Nikolaevna – chief economist – tel: (+375 152) 77 09 56

**H2. Organization (name and address)**

the Republican unitary enterprise “Grodno Industrial Leather Association”: the Republic of

Belarus, 230029, Grodno, Zernova str., 3.

**H3. Tel./Fax/E-mail:**

Tel: (+375-152) 77-01-84, 72-15-33, 71-15-30; e-mail: shupitskijm@hotmail.com

**H4. Date:** 19.10.2005

**H5. Departmental characteristic of the project:**  
“Bellegprom” concern