



هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار
Palestine Investment Conference



INSPIRING BUSINESS



Agribusiness Sector

Project Number:	PIC-2010-IO-060
Project Name:	Cattle Farm
Sponsor Company:	Rasem Sawan
Contact Details:	Mr. Rasem Sawan Mobile: +970-59-8903728 Email: rasem.sawan@hotmail.com
Total Cost of the Project:	US\$ 714,286
Investment by Current Owners:	US\$ 255,000
Required Investment:	US\$ 459,286

Project Description:

The project is to start a modern, environmentally sustainable farm on over 30 Dunum of land in Immatain village between Nablus and Qalqilya. The farm will raise 200-300 sheep, and will sell all types of sheep products, including meat and dairy. Targeted clients will be dairy manufacturers, while the lambs will be sold in the local market.

Mr. Sawan passionately believes that Palestinians are capable of competing with Israelis in the agricultural sector, given the ability to utilize modern technologies and techniques to maximize their land and resources. Part of the impetus in seeking funding for this project is to take advantage of unused lands in poor rural areas between Nablus and Qalqilya to raise the livestock at. There is an abundant source of labor in this area, and the project will provide much-needed jobs. The hope is that the establishment of this commercially viable, highly modern, and environmentally sustainable farm can highlight to others the sector's potential.

Project Development Time Table:

Land Purchase	Completed
Construction	6 months after funding
Equipment Procurement	8 months after funding

Current Owners' Profile:

Rasem Sawan is an Agricultural Engineer specialized in animal health and animal production, with the vision to raise Palestinian farming standards through the implementation of advanced engineering and state-of-the-art technology. His extensive experience in this field dates back decades, as his family owned a number of farms where they raised chickens

and cows. They also owned a store in Nablus where they imported and sold chicks, animal feed, veterinary equipment and drugs, as well as providing consulting services to farmers.

Industry Highlights:

The food & beverage sector is growing rapidly both vertically and horizontally. The official figures indicate that there are more than 1,600 firms in the sector including bakeries. Excluding bakeries, the number goes down to 224 manufacturing firms including the large scale milk cow farms (>50 cows). 152 of them are active members of the food industry association. The large number of female cooperatives working in the food processing sector combined with traditional sweets and confectionary makers are not included. The total labor force is estimated at 8,000 workers. The importance of the sector is its direct relation to the nation's food security. The food and beverage sector accounts for 4.8% of the Palestinian GDP.

Sector diversification

The sector is comprised of a wide variety of products. These are: meats, vegetables (fresh and frozen), oils and fats, dairy, flour mills, animal feed, chocolates and confectionaries, spaghetti, water and beverages, chips and snacks as well as others.

Quality as an advantage

Food products are directly related to human health and safety; hence they deserve special attention in terms of quality assurance and control. Short expiry dates, an increased awareness among consumers, and severe competition are all factors that continue to push producers towards higher quality standards. Many firms have acquired the necessary certifications of ISO versions and HACCP. Approximately 95% of foodstuffs are covered by the technical specifications of the Palestinian standards. Many firms have also acquired the necessary national certificates PS, as well as the international HACCP, ISO 22000 standards.

Marketing position

The average food purchases of Palestinian households make up around 42% of all other living expenses. This figure highlights the importance of the sector. The majority of sales target the Palestinian population in the West Bank and Gaza, few products are sold in Jerusalem while even less are being sold in Israel. The closure of Gaza and Jerusalem has resulted in depriving the sector of 55% of its normal constituencies. The market share for food products varies between 90% for meat products to 30% for dairy products; the average is around 50%. The food industry has experienced exports mainly to Arab countries. Olive oil and other fair trade products have been exported to many countries around the world.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Owner has extensive experience as an agricultural engineer • Reliance on local resources in feeding / growing the sheep 	<ul style="list-style-type: none"> • Lack of sufficient financial resources from the current owner

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> • Limited competition in North West Bank market • Potential to develop future export markets 	<ul style="list-style-type: none"> • Ongoing political instability

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	-	142,857	171,429	205,714	226,286
Gross Profit	-	71,429	92,857	124,286	136,714
Net Income	-	4,067	23,133	44,869	53,927
Cash Flow Accounts					
Operating Cash Flow	-	49,420	68,490	92,369	101,427
Investing Cash Flow	(685,714)	-	(42,857)	-	-
Financing Cash Flow	685,714	28,571	(14,286)	(28,571)	(28,571)
Balance Sheet Accounts					
Total Assets	685,714	718,354	727,200	743,497	768,851
Total Liabilities	-	-	-	-	-
Total Equity	685,714	718,354	727,200	743,497	768,851
Profitability Indicators					
Return on Assets	-	1%	3%	6%	7%
Return on Equity	-	1%	3%	6%	7%

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