



هيئة تشجيع الاستثمار الفلسطينية  
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار  
Palestine Investment Conference



# INSPIRING BUSINESS



# Agribusiness Sector

# Al Khozondar Salt Water Fishing Farm

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|                               |  |
|-------------------------------|--|
| Project Number:               | PIC-2010-IO-056  |
| Project Name:                 | Al Khozondar Salt Water Fishing Farm   |
| Sponsor Company / Individual: | Jarallah Al-Khozondar & Sons Trading Co.   |
| Contact Details:              | Mr. Salah Al-Khozondar<br>Tel: +970-8-2822550<br>Mobile: +970-59-9430400<br>Email: salah_eldeen_56@yahoo.com |
| Total Cost of the Project:    | US\$ 2,630,000   |
| Investment by Current Owners: | US\$ 2,200,000   |
| Required Investment:          | US\$ 430,000   |

## Project Description:

The opportunity is to take an equity stake in a new venture to establish a salt water fish-farm. The farm will consist of eight main pools utilizing a piece of land with a total area of 13 Dunums directly adjacent to the beach allowing the use of sea water.

The farm will produce a variety of fish types especially two types (Porgy and Sea Bream), which are usually imported into Palestine. Customers will be fish markets in the Gaza Strip and potential markets within the West Bank. This is expected to happen once production levels are high enough, and movement conditions permit immediate transferring of fish to the West Bank through Israel.

Equipment providers have been identified, and shall be contacted immediately once financing is confirmed. The first year of operations is estimated to be at 25% of production capacity with US\$ 26,000 in annual revenues, ramping up to reach US\$ 80,000 in the second year and reaching US\$ 100,000 in the 3rd year and onwards with 100% of production capacity utilized. The land for the project has been acquired and required licensing is being obtained.

## Project Development Time Table:

|                       |                  |
|-----------------------|------------------|
| Company Registration  | 3rd Quarter 2010 |
| Equipment Procurement | 3rd Quarter 2010 |
| Starting operations   | 4st Quarter 2010 |

**Current Owners' Profile:**

Mr. Jarallah Al-Khozondar in partnership with his five sons are owners of Jarallah Al Khozondar & Sons Trading Co. The company was established in 1979 and has been active in the agriculture sector, trade, manufacturing and construction sectors in the Gaza Strip.

Mr. Salah Al-Khozondar is the deputy manager of the company and has a Bachelors degree in accounting, with extensive experience in starting up new investments. The partners own the 13 Dunums of land proposed for the fish farm project.

**Industry Highlights:**

Fishing is a vital industry in the Gaza Strip, and one that dates back to the time of the ancient port of Gaza. However the sector has suffered tremendously since the resumption of armed clashes in 2000. Palestinian fishing vessels are restricted to sailing only 5km from the shore and the economic blockade since 2007 has prevented the importing of many materials necessary for the fishing sector.

Before the war the number of fishermen working in Gaza was around 6,000, whose yearly output was approximately 3,000 tons of fish, most of which was exported to Israel. Since 2000, the number of fishermen has dwindled to several hundred, given the difficulty of earning a livelihood under the strict embargo imposed by the Israelis.

## SWOT Analysis

| Internal Analysis   |  |
|---|--|
| Strengths   | Weaknesses   |
| <ul style="list-style-type: none"> <li>• Partners own the land</li> <li>• Family has proven success in starting up new investments</li> </ul> | <ul style="list-style-type: none"> <li>• Limited financial resources</li> </ul>  |
| External Analysis   |  |
| Opportunities   | Threats  |
| <ul style="list-style-type: none"> <li>• Future access to West Bank and export markets</li> </ul>   | <ul style="list-style-type: none"> <li>• Current political and security conditions in Gaza</li> <li>• Inability to bring in equipment</li> <li>• Natural conditions affecting agricultural production</li> </ul> |

### Financial Projections in US\$ for the whole project (old and new investments)

| Indicators                       | 2010        | 2011      | 2012      | 2013      | 2014      |
|----------------------------------|-------------|-----------|-----------|-----------|-----------|
| <b>Income statement Accounts</b> |             |           |           |           |           |
| Revenues                         | 26,668      | 80,000    | 100,000   | 100,000   | 105,000   |
| Direct Expenses                  | 40,380      | 55,750    | 60,750    | 60,800    | 62,613    |
| Gross Profit                     | (1,334)     | 49,000    | 65,000    | 65,000    | 68,250    |
| Indirect Expenses                | 10,800      | 21,600    | 21,600    | 21,600    | 21,600    |
| Net Income                       | (24,512)    | 2,650     | 17,650    | 17,600    | 20,788    |
| <b>Cash Flow Accounts</b>        |             |           |           |           |           |
| Operating Cash Flow              | (23,670)    | 24,025    | 38,954    | 39,200    | 43,054    |
| Investing Cash Flow              | (2,565,000) | 0         | 0         | 0         | 0         |
| Financing Cash Flow              | 2,630,000   | 0         | (58,852)  | (49,026)  | (46,041)  |
| <b>Balance Sheet Accounts</b>    |             |           |           |           |           |
| Total Assets                     | 2,605,863   | 2,608,288 | 2,567,124 | 2,535,698 | 2,510,444 |
| Total Liabilities                | 375         | 150       | 188       | 188       | 188       |
| Total Equity                     | 2,605,488   | 2,608,138 | 2,566,936 | 2,535,510 | 2,510,257 |
| <b>Profitability Indicators</b>  |             |           |           |           |           |
| Return on Assets                 | (0.94%)     | 0.10%     | 0.69%     | 0.69%     | 0.83%     |
| Return on Equity                 | (0.94%)     | 0.10%     | 0.69%     | 0.69%     | 0.83%     |

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