



هيئة تشجيع الاستثمار الفلسطينية  
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار  
Palestine Investment Conference



# INSPIRING BUSINESS



# Agribusiness Sector

# Fruit and Vegetable Farm

Project Number:	<b>PIC-2010-IO-052</b>
Project Name:	<b>Fruit and Vegetable Farm</b>
Sponsor Company / Individual:	<b>Mr. Haitham Shurab</b>
Contact Details:	<b>Mr. Haitham Shurab Tel: +970-8-2864119 Mobile: +970-59-9408908</b>
Total Cost of the Project:	<b>US\$ 500,000</b>
Investment by Current Owners:	<b>US\$ 288,000</b>
Required Investment:	<b>US\$ 212,000</b>

## Project Description:

This project will provide the market a yearlong production to help meet local market need for various products such as cherry tomatoes, strawberries, citrus, medical herbs and flowers.

The main inputs for the project are seeds and seedlings and the project will use drip water irrigation system in addition to utilization of mechanical equipment for farming.

Fifty dunums will be planted with vegetables producing 225 tons of vegetables yearly. Additionally, 35 dunums will be planted with fruits and citrus trees that would start producing in the 4th year yielding an estimated 60 tons yearly. The surplus of production will be used to produce juice pulp and concentrate.

The envisioned project will strive to acquire the highest of industry standards, including the Global Gap to facilitate growing first grade products suitable for the local, regional and global markets.

Revenues are estimated at USD 290,000 in the first year with an expected cash flow in the third year generating a yearly profit of 80,000 USD.

## Project Development Time Table:

Company Registration	<b>3rd Quarter 2010</b>
Equipment Purchase	<b>4st Quarter 2010</b>
Starting Operations	<b>1st Quarter 2011</b>

## **Current Owners' Profile:**

Mr. Haitham Shurab is a young Palestinian businessman who is a partner in a successful medicine and medical supplies company. He comes from a family with a long heritage in farming with proven success in growing, packaging and exporting Gazan citrus.

Mr. Shurab, with other family members who are partnering together for this project own large areas of fertile pieces of land in Gaza.

## **Industry Highlights:**

A leading sector of the Palestine economy is the Palestine Agriculture. The Palestine Agriculture symbolizes a major constituent of the GDP of the economy. The agricultural sector in Palestine gives the possibility of employment to a large number of people of Palestine.

Agriculture in Palestine is the chief earner of the overseas exchange and provides the essential needs of the most of the local population. Agriculture in Palestine is separated into rain-fed and irrigated cultivation.

The Palestinian agriculture zone shares the joint distinctiveness of both concentrated irrigated farming as well as the widespread rain-fed farming which is prevailing in the highlands of the West Bank. The rain-fed farming forms the primary cultivated area of the total cultivated Palestinian land.

The cultivation of fruit trees is the key segment of production of plant in Palestine. The main fruit trees of Palestine are grapevines, olive trees, citrus, figs, almonds. In the West Bank of Palestine the grapevines form the second among the major fruit crops. In Palestine more than 30 different vegetable crops have been planted.

The type of agriculture that takes place in Palestine is yearly and cyclic agricultures such as grains and vegetables. In the Gaza Plain, Marj Ben Amer and some of the inner plains grain plantation was grown.

Statistically:

- In 2008, the total area of cultivated land in Palestine was about 1,513 km<sup>2</sup>; representing 25.1% of the total area in Palestine, while the percentage in the West Bank was 24.8%, and 30.1% in the Gaza Strip.
- The total area of cultivated land cultivated permanent crops reached about 1,172 km<sup>2</sup>, and 340.8 km<sup>2</sup> planted with temporary crops.
- The total area of irrigated planted land was 69.6 km<sup>2</sup>, while the area of rain-fed either planted land reached 1,343.4 km<sup>2</sup>.
- The productivity of irrigated farmlands in Palestine reached 6,743.2 tons / km<sup>2</sup> as the productivity of rain-fed cultivated land reached 196.5 tons/km<sup>2</sup>.
- Fruit trees form the major bulk of area cultivated reaching 63.2%, while the area planted with vegetables reached 10.1%, and field crops cultivated area was 26.7%.
- Labor force in the agricultural sector was estimated at about 16.1% of the total labor force in Palestine, with a total number of 130,000 workers.
- The value of total exports was US\$ 10.9 million, with the exports of tomatoes reaching about 27% of all exports, representing the highest export of all vegetables.

## SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Land ownership</li> <li>• Prior family success in farming and exporting quality agriculture products</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\$

Indicators	2010	2011	2012	2013	2014
<b>Income statement Accounts</b>					
Revenues	0	290,000	295,000	310,000	325,500
Expenses	15,155	85,474	112,476	124,470	130,600
Gross Profit	(5,600)	249,200	237,880	245,000	257,250
Depreciation	3,567	15,120	26,700	26,700	26,700
Net Income	(18,722)	189,406	155,824	158,830	168,200
<b>Cash Flow Accounts</b>					
Operating Cash Flow	(46,355)	151,693	134,441	134,920	141,764
Investing Cash Flow	(187,000)	(100,000)	(100,000)	0	0
Financing Cash Flow	500,000	0	(80,000)	(80,000)	(80,000)
<b>Balance Sheet Accounts</b>					
Total Assets	482,078	671,484	747,308	826,178	914,420
Total Liabilities	800	800	800	840	882
Total Equity	481,278	670,684	746,508	825,338	913,538
<b>Profitability Indicators</b>					
Return on Assets	(3.88%)	28.21%	20.85%	19.22%	18.39%
Return on Equity	(3.89%)	28.24%	20.87%	19.24%	18.41%

# Expansion of Jabal Al Zaytoon Products & Markets

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Project Number:	PIC-2010-IO-053
Project Name:	Expansion of Jabal Al Zaytoon Products & Markets
Sponsor Company:	Jabal Al Zaytoon
Contact Details:	Mr. Khaled Hidmi Tel: +970-2-2954289 Fax: +970-2-2965545
Total Cost of the Project:	US\$ 1,211,664
Investment by Current Owners:	US\$ 82,632
Required Investment:	US\$ 591,398
Debt:	US\$ 537,634

## Project Description:

Jabal Al Zaytoon is seeking a partnership with a strategic investment partner that can help the company in expanding the size of work and increasing the number of products offered by the company. Currently Jabal Al Zaytoon is mainly exporting olive oil and few other agriculture products. Jabal Al Zaytoon in its expansion plan is attempting to export the olive oil to new markets and to increase the quantity exported. The company is also planning to export new products that are derivatives from olive oil and/or other agricultural products. Additionally, Jabal Al Zaytoon is working on increasing its sales in the local market.

## Project Development Time Table:

Land Purchase	Directly after the funding
Finishing the Construction Work	9 months after the purchase of the land
Furnishing the new Office	Directly after finishing the construction work

## Current Owners' Profile:

Jabal Al Zaytoon was established in Ramallah in 2005 and started operating in 2006; the company produces and exports olive oil and other agriculture products. Jabal Al Zaytoon is a profit company that provides Palestinian farmers and the Palestinian economy with high quality products.

## 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"> <li>The strong relationship between the company and the Union of Agriculture Work Committees</li> </ul>	<ul style="list-style-type: none"> <li>Lack of additional financial resources from the current owner</li> </ul>
<ul style="list-style-type: none"> <li>The company long experience in dealing with farmers</li> </ul>	<ul style="list-style-type: none"> <li>The fluctuation in the olive oil quality, prices and availability</li> </ul>
<ul style="list-style-type: none"> <li>The ability to adapt the products to the market needs</li> </ul>	<ul style="list-style-type: none"> <li>The lack of enough space for filling and storing</li> </ul>
<ul style="list-style-type: none"> <li>The company has annual orders from customers in the European Union, Japan, North Korea and Bahrain</li> </ul>	
<ul style="list-style-type: none"> <li>Palestinian olive oil is certified by international expertise because of its distinguished taste and smell</li> </ul>	

### External Analysis

Opportunities	Threats
<ul style="list-style-type: none"> <li>The external market attracted by "made in the Holy Lands" logo</li> </ul>	<ul style="list-style-type: none"> <li>Political instability</li> </ul>
<ul style="list-style-type: none"> <li>The opportunity to benefit from the Fair Trade Organization and its promotional programs</li> </ul>	<ul style="list-style-type: none"> <li>Continued uprooting of olive oil trees to build settlements</li> </ul>
<ul style="list-style-type: none"> <li>The existence of many organizations and programs that support the Palestinian olive oil</li> </ul>	<ul style="list-style-type: none"> <li>The cost of production in Palestine is higher than the cost of production in other countries</li> </ul>
	<ul style="list-style-type: none"> <li>Increasing competition from new producers of neighboring countries</li> </ul>
	<ul style="list-style-type: none"> <li>The lack of national strategies to market the olive oil and to brand it in the exporting markets</li> </ul>

## Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
<b>Income statement Accounts</b>					
Revenues	1,161,552	2,065,906	2,474,109	3,030,660	3,333,726
Gross Profit	151,665	403,573	618,039	772,585	849,844
Net Income	(175,037)	65,749	261,750	400,847	461,168
<b>Cash Flow Accounts</b>					
Operating Cash Flow	(393,006)	(183,867)	388,045	475,827	531,944
Investing Cash Flow	(207,222)	(193,853)	-	-	-
Financing Cash Flow	836,498	139,332	(246,490)	(328,144)	(371,679)
<b>Balance Sheet Accounts</b>					
Total Assets	935,925	1,192,688	1,223,152	1,328,319	1,435,487
Total Liabilities	680,921	627,947	527,536	432,280	308,864
Total Equity	255,004	564,741	695,616	896,039	1,126,623
<b>Profitability Indicators</b>					
Return on Assets	(19%)	6%	21%	30%	32%
Return on Equity	(67%)	12%	38%	45%	41%



# Abu Hasera Fishing Farm

Project Number:	<b>PIC-2010-IO-054</b>
Project Name:	<b>Abu Hasera Fishing Farm</b>
Sponsor Company / Individual:	<b>Mr. Mohamed Abu Hasera</b>
Contact Details:	<b>Mr. Mohamed Abu Hasera Mobile: +970-59-9401819</b>
Total Cost of the Project:	<b>US\$ 1,000,000</b>
Investment by Current Owners:	<b>US\$ 500,000</b>
Required Investment:	<b>US\$ 500,000</b>

## Project Description:

This venture provides the opportunity to take an equity stake in a new salt water fish farm. The farm will consist of five main pools located on a piece of land directly adjacent to the beach of Gaza.

The farm will produce several types of fish with a focus on varieties that are not commonly available in the local market. Targeted clients will mainly be fish markets in the Gaza Strip and the West Bank as well as Israeli markets when production levels and movement conditions allow. Existing fish farms in Gaza currently meet around 50% of the local market demand. Equipment providers and other production inputs are already identified.

Production capacity in the first and second year of operations is anticipated to be at 25% with US\$ 48,000 in annual revenues; increasing to US\$ 60,000 in the 3rd year and onwards with 100% of production capacity utilized.

## Project Development Time Table:

Company Registration and licensing	<b>3rd Quarter 2010</b>
Purchasing equipment and setting up facility	<b>4rd Quarter 2010</b>
Operations Start Date	<b>1st Quarter 2011</b>

### **Current Owners' Profile:**

Mr. Mohamed Abu Hasera is a successful businessman and investor in the real estate and hospitality sectors. He owns and manages a well-known restaurant in the heart of Gaza city. Mr. Abu Hasera comes from a family with a long history of Mediterranean sea fishing, fish farming and fish restaurants.

### **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 latest war on Gaza, the number of fishermen working in Gaza was around 6,000, whose annual output was approximately 3,000 tons of fish, most of which was exported to Israel. Since the year 2000, the number of fishermen has dwindled to several hundreds only, given the difficulty of earning a livelihood under the strict blockade imposed by the Israelis.

## SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Immediate demand for higher fish supply</li> </ul>	<ul style="list-style-type: none"> <li>• Relatively long lead time (up to 12 months) before the first batch of fish will be ready</li> </ul>
<ul style="list-style-type: none"> <li>• Extensive experience as a businessman as well as in fishing industry</li> </ul>	
<ul style="list-style-type: none"> <li>• Availability of land adjacent to sea</li> </ul>	

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Future ability to service the West Bank and Israeli markets</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing political and security conditions in Gaza</li> </ul>
	<ul style="list-style-type: none"> <li>• Risk of inability to import production inputs</li> </ul>
	<ul style="list-style-type: none"> <li>• Fish are highly sensitive to the growing process and can be disturbed by a number of factors</li> </ul>

## Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
<b>Income statement Accounts</b>					
Revenues	12,000	48,000	60,000	60,000	63,000
Expenses	36,342	50,184	44,559	44,229	40,817
Gross Profit	(13,200)	20,100	34,500	34,500	40,950
Depreciation	9,720	19,440	19,440	19,440	19,440
Net Income	(34,062)	(21,624)	(3,999)	(3,669)	2,744
<b>Cash Flow Accounts</b>					
Operating Cash Flow	(32,792)	(2,454)	19,711	20,271	16,684
Investing Cash Flow	(941,500)	0	0	0	0
Financing Cash Flow	1,000,000	0	(27,482)	(23,877)	(20,280)
<b>Balance Sheet Accounts</b>					
Total Assets	966,388	944,494	912,983	885,437	868,001
Total Liabilities	450	180	150	150	250
Total Equity	965,938	944,314	912,833	885,287	867,751
<b>Profitability Indicators</b>					
Return on Assets	(3.52%)	(2.29%)	(0.44%)	(0.41%)	0.32%
Return on Equity	(3.53%)	(2.29%)	(0.44%)	(0.41%)	0.32%

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 Tel: +970-8-2822550 Mobile: +970-59-9430400 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%

# Sinokrot Agricultural Sector

Project Number:	<b>PIC-2010-IO-057</b>
Project Name:	<b>Sinokrot Agricultural Sector</b>
Sponsor Company / Individual:	<b>Sinokrot Global Group (SGG)</b>
Contact Details:	<b>Mr. Mazen Sinokrot, Chairman of the Board of Directors</b> <b>Tel: +970-2-2955701</b> <b>Fax: +970-2-2955702</b> <b>Mobile: +970-59-9279006</b> <b>Email: ceo@sinokrot.com</b> <b>Website: www.sinokrot.com</b>
Historical Cost of the Project:	<b>US\$ 9,250,000</b>
Investment by Current Owners:	<b>US\$ 7,000,000</b>
Market Value of the Project:	<b>US\$ 35,000,000</b>
Offered Ownership Share:	<b>25%</b>

## Project Description:

SGG Agricultural Sector is comprised of three existing companies working under the umbrella of SGG; the companies are:

1-Palestine-Garden Company; established in early 2008 in a Jordan valley oasis; specifically at Al-Ouja district. It consists of 300 greenhouses built on an area of 300 dunums. The company is supported by a technical team of agronomists, technicians, and supervisors who provide technical training, supervision and advisory services for local farmers to assist them in complying with the Global EuroGap and BCR standards. The company has the largest and most modern center for packing and packaging cherry tomatoes, colored peppers, and dates that are carefully sorted through fully automated production lines that work in compliance with international standards. The company enjoys strong relationships with a large number of local farmers. The company has also signed contracts with local farmers to cultivate about 500 dunums in the first phase of the project, so as to export their products to Europe, USA, Russia, and Arab countries.

2-Zadona Agro-Industrial Company; established in early 2006 as an agro-industrial company that focuses on agricultural production and marketing. SGG's strategic goal was to support Palestinian farmers on their farmland through assisting them in providing a suitable and permanent market for their production. Thus, the company was established in Tubas on an area of approximately 2000 hectares. The area is distinguished by an abundance of water, and thus, the ability to grow various kinds of agricultural products year round. The modern technologies employed in the factory have expanded its capacity to deal with the numerous fruits and

vegetables from the region and canning them in different ways to accommodate the varied tastes of consumers. The company's main products include cucumber pickles, pepper pickles, and olive pickles.

3- Fresh Herbs Company; established as an extension of Zadona Agro-Industrial Company to focus on producing and exporting fresh herbs. The company currently exports 20 different types of fresh herbs to various export markets. Approximately 40 percent of the company's total product output is exported directly.

SGG is aiming to benefit from its existing facilities, accumulated experiences and know-how to expand its range of products as well as targeted export markets by pursuing specific expansion initiatives and programs in each of the 3 companies comprising SGG Agricultural Sector.

### Project Development Time Table:

Building the commercial brand of the companies' products	2010
Increasing the percentage of direct exporting	2011
Adding new production lines to the 3 companies	2011
Increasing the area of owned / contracted farmlands	2011
Increasing the number of export markets	2012

### Current Owners' Profile:

Sinokrot Global Group (SGG) is the largest family owned business group in Palestine, established in 1982 and based in Ramallah. SGG has state of the art infrastructure over 35,000 m<sup>2</sup>. of buildings, 800 employees supported by a modern management systems, as well as a retail network covering more than 30 export markets in addition to the local market. The chairman of SGG, Mr. Mazen Sinokrot, was appointed as the Minister of National Economy until March 2006. In addition he served as the Chairman of the Board for the Palestine Standards Institute, Palestine Investment and Promotion Agency, Palestine Industrial Zones, and the Free Zones Authority.

SGG works in the manufacturing, trade, tourism, agriculture, and services sectors. Companies working under the umbrella of SGG include Sinokrot Food Company, Sinokrot Company for Animal and Agricultural Products, Zadona Agro-Industrial Company, Sultan Telepherique and Tourist Center, Palestinian Gardens Company and Fresh Herbs Project, Grand National Markets, Sultan Company for Mineral Waters, Palestinian Company for Industrial Supplies, and Ajyal Trading Company.

### Industry Highlights:

The food 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.

### **Financial position**

Total investments in the sector are estimated at US\$ 480 million. Many firms have set their own plans for development and growth. Research shows that 70% of factory owners need to invest in machinery and developing products. Developing new markets is a second priority for the new investments.

## SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
• Quality certificates	• Low utilization rate of production capacity
• Technical experiences and know-how	• Limited marketing and branding activities
• Diversification of products	• High percentage of waste
• Relationships with export markets	• Reliance on indirect exporting
• High production capacity	
• Ownership of farmlands	

External Analysis	
Opportunities	Threats
• Demand for fresh and natural products	• High export costs
• Limited number of competitors	• Seasonal nature of the industry
• Donor and government support	• Short shelf-life of the products
• Low cost of labor	• Sophisticated logistical arrangements
• Availability of farmlands	• Increasing cost of water
• Services for other companies	

## Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
<b>Income statement Accounts</b>					
Revenues	10,300,000	16,800,000	26,500,000	30,600,000	35,200,000
Gross Profit	4,532,000	7,056,000	11,130,000	13,158,000	15,136,000
Net Income	721,000	2,352,000	5,035,000	6,120,000	7,040,000
<b>Cash Flow Accounts</b>					
Operating Cash Flow	1,400,000	2,900,000	7,500,000	6,400,000	8,300,000
Investing Cash Flow	(540,000)	(810,000)	(540,000)	0	0
Financing Cash Flow	1,120,000	(960,000)	(190,000)	(190,000)	(250,000)
<b>Balance Sheet Accounts</b>					
Total Assets	13,100,000	14,400,000	21,200,000	26,600,000	34,000,000
Total Liabilities	3,500,000	3,200,000	5,000,000	4,500,000	5,000,000
Total Equity	9,600,000	11,200,000	16,200,000	22,100,000	29,000,000
<b>Profitability Indicators</b>					
Return on Assets	6%	14%	24%	20%	21%
Return on Equity	8%	22%	31%	27%	24%

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

  

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

## Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
<b>Income statement Accounts</b>					
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
<b>Cash Flow Accounts</b>					
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)
<b>Balance Sheet Accounts</b>					
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
<b>Profitability Indicators</b>					
Return on Assets	-	1%	3%	6%	7%
Return on Equity	-	1%	3%	6%	7%

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