

Development of the Snails Breeding System in Albania for Live Export

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1.The Product and the Snails Market.

1. The consumption of snail meat has been increasing in the last 2 decades worldwide in about 450.000 metric ton in year 2011.
2. The principal countries for consuming and processing are France with 250.000 ton/year, Italy 55.000 ton/year, Spain 40.000 ton/year, Greece 30.000 ton/year.
3. As medical studies show snail meat is very low in proteins and is suitable for older peoples suffering heart disease, so the consumption tendency is a bigger demand in the years coming.
4. Only 25% of the above quantity comes from breeding system, the rest is from natural habitats from countries in Mediterranean zone, such as Morocco, Tunisia, Algeria, Middle East, Albania, Greece, Turkey etc.
5. The quality of such natural snails is not good and the quantity varies during the year following the seasons, creating big problems for supply in the processing industry.
6. The legislators in EU countries are becoming more and more strict in regulating this subject.
7. So we are confident that in the next decade the demand for snails will become bigger and the prices will move up steadily.
8. Our company has a request for 1000 ton this year from different EU clients which would retire the products themselves here in Albania.
9. The price of live snails in the markets is about 2000-3000 Usd/ton, but we intend to sell it at price of 1500 Usd/ton payment in cash.

2. Project Description

- **Rationale:**
- Albania has a very favourable environment for developing the SNAIL BREEDING SYSTEM FOR EXPORT:
 1. Exelent climate
 2. Exelent land
 3. Water
 4. Low cost of skilled and unskilled labour
 5. Very short distance from EU Markets.
 6. A very good climate in investing in Agriculture with support from Government
- The project would contribute to the reduction of income poverty in the target rural areas of Albania. This is fully in line with the overall Government`sNational Strategy For Developement and Integration and more specifically with the Agriculture,Rural Developement and Food Strategies, whereby the strategic priorities are to improve agriculture competitiveness and raise the income opprtunities for rural households.

• Project Goal and Objectives

- The Goal of the project is to Develop the Snail Breeding System in Albania to meet the increasing demand for snail from EU countries
- To improve household`s income in the target rural areas of the country

- Proposed Project Approach.
- Selecting the appropriate farmers that meet our requests for land, water , climate , agricultural experience , etc.
- Training and qualifying the farmers with the snail breeding tecnology.
- Monitoring the whole process every month for the firs 2 year nececery to have the firs productions.
- Retiring the production directly in the farmers land

• Proposed Project Components

- In order to implement the above mentioned approach, the project is foreseen to include three components, as follows:
 - A) Development of SNAIL BREEDING SYSTEM
 - B) Development of Controlling and handling system
 - C) SNAIL BREEDING management and support services

- A) The foremost important part of this system is the farm level. This component will provide the means for implementation of planning and organisational elements for the production of snails, including selection of the farms where snails will be produced, types of species and breeds, and the breeding practices in compliance with requested qualities.
- In order to secure good quality snails from the supplying farms, within this component, the project would seek to implement various activities such as:
 1. Identification and selection of farms and farmers which have potential for production of good quality snails.
 2. Develop clear procedures and guidelines to steps/practices to be strictly applied by farmers in order to comply with procedural issues (selection of snail breeds, feeding ingredients and practices, snail welfare and safety conditions et.)

- Implement requirement training and capacity building activities in order to capacitate/empower farmers/producers in application of the required steps/practice that would need to be followed during the whole production system
- In order to speed up the introduction of Snail Breeding System, the project may seek to facilitate access to small-scale financing. The provision of co-financing instruments would have a major positive impact on enabling effective technology transfer and would also reduce the collateral required by the investors and stimulate greater leverage of funds from private investors (savings, remittances) and from financial institutions (debt financing). This amount may range from 20%-30% to about 40% of the total farmers investment. The maximum co-financing amount would be USD 10,000, but the majority could be less than about USD 6,000 per farm.

3. Project implementation

- The project is foreseen to be implemented over a period of one year.
- Our company has already implemented a pilot project, with very good results since 2 years ago, created a database with about 1500 potential farmers, which meet our requirements, and are ready to begin, we have done our studies in various rural areas of Albania, and also we have initiated the project this year.
- We have already a good experience with the farmers that have initiated this system

4. Risk Identification and Mitigation

- The project design is intended to minimize risks in the event that some assumptions are verified not true or significant delays or obstacles are recorded.
- The project is diversified by geographical areas and by the subjects (the farmers)
- From this point of view the main risk is some sort of inundation of the land for several days. This may happen only in some specific areas which we exclude from the project
- There is no risk for disease as snail is a primitive animal.
- The risk that EU close its markets for Albania products. But this seems remote as we are preparing to join EU.
- The risk farmers default. They are risking with us participating with capital so this is too a remote possibility for all farmers.

5.Project Costs And Finacing

- The estimated project costs have derived based on data and experience from our clients in EU and from our 2 year experience from the pilot project.
- The total base cost for the investement and incremental recurent project costs is estimated at about USD 4.7 million. Table 1 below presents the project costs by components in millions

Project Components	Amount	%
1.Development of Snail Breeding System	3.05	64.9
2.Development of processing and handling system	1.05	22.3
3.Development of management and support service	<u>0.60</u>	<u>12.8</u>
Total costs	4.7	100

- Table 2 below presents the NPV project for a period of 5 years. After that period the company want to buy-back all the shares from financing funds.

	PROJECT NPV (in thousands USD)	Year0	Year 1	Year 2	Year 3	Year 4
1	Unit sales (in metrik tons)			2000	4000	8000
2	Sales Revenue (Unit price 1500 Usd/ton)	0	0	3000	6000	12000
3	Costs (Variabe Unit cost 500 Usd/ton)	0	0	(1000)	(2000)	(4000)
4	Fix costs		(300)	(400)	(700)	(1000)
5	Profit		(300)	1600	3300	7000
6	Investment	(4400)				
7	Present Value of Each Cash Flows	(4400)	(244)	1420	2280	4174
8	<u>NET PRESENT VALUE NPV</u>	<u>3204</u>				
	Break-even period	4.2 years				
6						

• Project Finaciers

- The project will be financing for 51 % from the company and the farmers and 49 % from external funds.
- After a period of 5 years the project prevent the buy-back of remaining 49% by the compani and the farmers.

FERME PER RRITJEN E KERMILLIT

BIO











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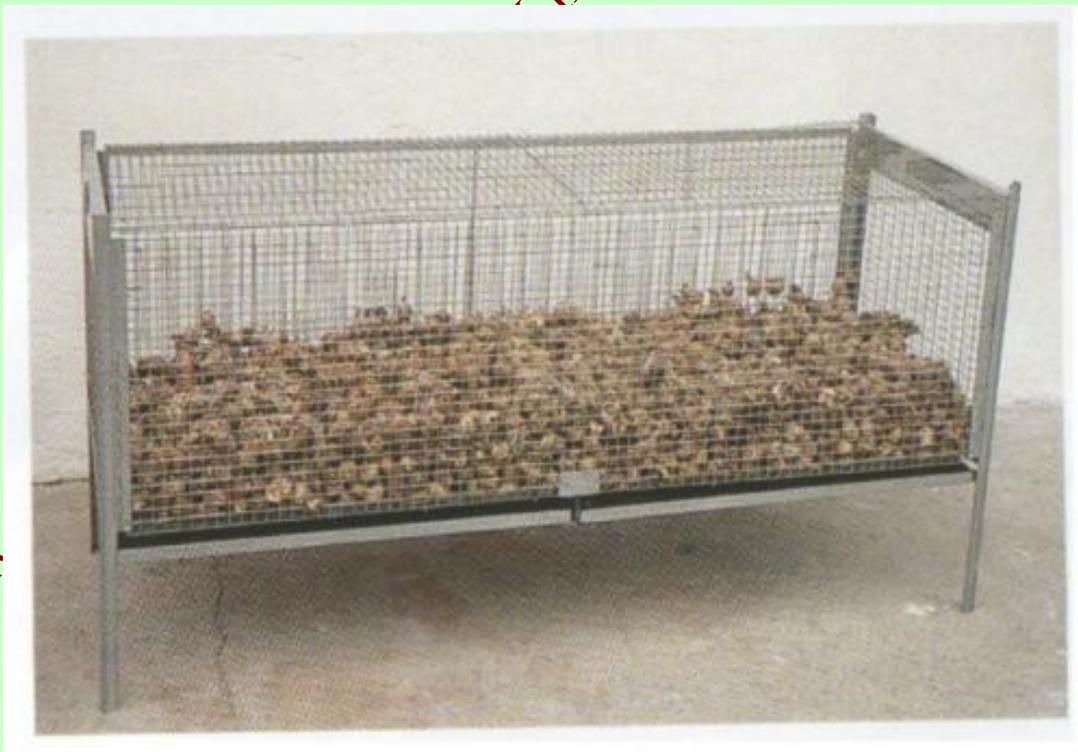


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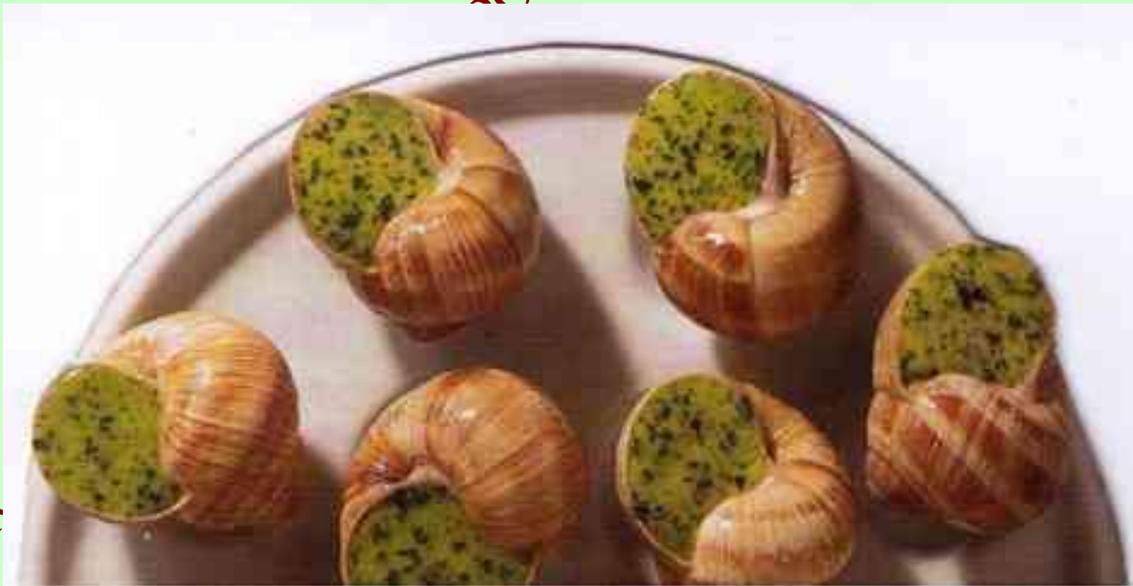


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