

# The project for creating a livestock complex in Takhtakopir district in Karakalpakstan, Republic of Uzbekistan



## INVESTMENT PROJECT PASSPORT

PROJECT ADDRESS	"Uzbekistan" MFY
PROJECT COST	55 million dollars
PROJECT CAPACITY	25 thousand heads
PRODUCT IMPORT	5 million dollars
NPV	9 million dollars
IRR	19 %
NUMBER OF JOBS	150
AREA	5 000 hectares 60 000 sq meter building



## ADVANTAGES OF THE PROJECT

- There are more than 1.4 million hectares of pasture land in the territory of the district;
- The demand of the population of the republic for meat products is 20 thousand tons and the demand for milk products is 10 thousand tons.



**Ministry of Investments, Industry, and Trade of the Republic of  
Uzbekistan**

# **Business Plan**

**Developed for the purpose of organizing a livestock complex  
in the territory of the Uzbekistan Village Citizens' Assembly,  
Takhtakupir District, Republic of Karakalpakstan,  
Uzbekistan**



**Project Cost - \$55.0 million**

**Republic of Karakalpakstan – 2024**

## **Main Objective of the Project**

This business plan is developed to justify the feasibility of establishing a livestock complex in the Takhitakupir district of the Republic of Karakalpakstan. The plan is in line with the Decree of the President of the Republic of Uzbekistan dated March 28, 2019, "On Measures for Organizing the Activities of the State Committee for Veterinary and Animal Husbandry Development of the Republic of Uzbekistan" (Decree No. 4254), which aims to implement new projects in the regions.

In particular, in order to improve livestock breeds and increase their population, foreign purebred livestock are being imported to local farms. Currently, the demand and need for livestock products are increasing day by day, making the issue of ensuring their supply more urgent than ever. Due to the special attention of our state leaders to support the sector, positive results are being observed in all branches of animal husbandry. The President's Decree dated March 3 last year, "On Additional Measures for Further Supporting the Livestock Industry," has provided extensive opportunities for business entities in the livestock sector.

In particular, subsidies have been introduced for the sale of livestock for meat, with 2,000 som per kilogram of live weight, 200 som per liter of milk, 50 som per egg, 1,000 som per kilogram of poultry meat, and 3,000 som per kilogram of intensively grown cold-water fish (salmon, trout, and sturgeon), and 1,000 som per kilogram for other types of fish. As a result, the number of livestock farms has increased, and livestock complexes have achieved the production of 282,900 tons of meat and 696,300 tons of milk.

The President's decree dated February 8 this year on "Measures to Further Develop the Livestock Industry and Strengthen the Livestock Feed Base" outlines several promising measures aimed at further developing livestock sectors in the country as a continuation of the ongoing reforms in the sector. This marks the beginning of a new phase of reforms in the country's livestock industry, which will infuse new energy and strength into livestock farming.

Through the implementation of this project, there is an opportunity to increase production volumes and achieve profitability.

## **Project Investment Value**

The total investment required for the project, including working capital and initial financial expenses, is USD 55.0 million.

<b>Indicators</b>	<b>Total</b>
Purebred livestock	50 000 000
Production equipment	1 600 000
Transport vehicles	1 000 000

Other expenses	500 000
<b>Total Capital Expenditure</b>	<b>53 100 000,00</b>
Working Capital	1 375 000,00
<b>Financial Expenses</b>	<b>54 475 000,00</b>
Contingency (1%)	525 000,00
<b>Total Initial Investment Costs</b>	<b>55 000 000,00</b>

## **Market and Marketing**

Livestock farming is one of the main branches of agriculture. Its rapid development is crucial for providing our population with affordable and high-quality meat and other food products, particularly in rural areas. This is especially important for increasing employment and income in rural communities. The country is undertaking extensive measures to expand the livestock feed base, improve livestock breeds, implement advanced methods, and increase the production and export of livestock products.

The President's decree dated February 8 this year on "Further Developing the Livestock Industry and Strengthening the Livestock Feed Base" is highly significant as it provides financial support to livestock farmers, expands the feed base, and increases production volumes.

To avoid exaggeration, it should be noted that, according to the decree, during 2022-2023, enterprises producing and processing meat and milk products in each district are required to deliver livestock to households through cooperative methods and organize the processing and sale of produced products. This initiative aims to provide the population with affordable and high-quality meat products.

Despite systematic efforts in the livestock sector, rising prices for meat and milk products have caused public discontent. The document allows for the lease of land for feed production based on open electronic bidding, which will facilitate the delivery of livestock to households and the processing of livestock products. This decision is deemed appropriate and reasonable.

Additionally, commercial banks are now extending credit repayment terms for livestock projects, including for working capital and modernization, up to ten years, which has stimulated and encouraged livestock farmers.

From January 1, 2022, to December 31, 2023, subsidies for the sale of large and small cattle, for meat and milk, have increased from 2,000 to 4,000 som per kilogram of live weight and from 200 to 400 som per liter of milk, respectively. This increase has been a highly anticipated development for livestock farmers.

The decree also stipulates that the Ministry of Finance will cover more than 10% of the interest on credits and leases for agricultural machinery purchased by

livestock farms from the state budget. This has been met with great satisfaction and enthusiasm from industry representatives.

### **Production Capacity and Development by Years**

Production will follow a technological line, with the maximum annual production plan as follows:

The Production Capacity of the Enterprise (in USD)

<b>Product Description</b>	<b>Unit</b>	<b>Annual Production at Full Capacity</b>	<b>Unit Price (Including VAT)</b>	<b>Revenue from Maximum Annual Capacity Sales</b>
Beef	ton	5 000	6 500	32 500 000
Milk	ton	3 600	1 000	3 600 000
<b>Total</b>				<b>32 500 000</b>

The project involves the phased development of production capacities.

<b>Indicators</b>	<b>1<sup>st</sup> year</b>	<b>2<sup>nd</sup> year</b>	<b>3<sup>rd</sup> year</b>	<b>4<sup>th</sup> year</b>	<b>5<sup>th</sup> year</b>
Livestock Complex Setup	80%	82%	84%	86%	88%

Production Volume (Units):

<b>Indicators</b>	<b>1<sup>st</sup> year</b>	<b>2<sup>nd</sup> year</b>	<b>3<sup>rd</sup> year</b>	<b>4<sup>th</sup> year</b>	<b>5<sup>th</sup> year</b>
Beef	4 000	4 100	4 200	4 300	4 400
Milk	2 880	2 952	3 024	3 096	3 168

### **Annual Salary**

The calculation of salaries and the salary fund is based on technical specifications, defined lines, and the work schedule (number of working days per week, number of shifts, etc.), and complies with the labor legislation of the Republic of Uzbekistan.

<b>Position</b>	<b>Quantity</b>	<b>Average Monthly Salary</b>	<b>Annual Salary Fund</b>
<b><u>Management</u></b>			
Director	1	400,0	4 800,0
Head accountant	1	400,0	4 800,0
<b>Total</b>	<b>2</b>		<b>9 600,00</b>

<i>Taxes</i>	<i>12%</i>		<i>1 152,00</i>
<b>Production staff</b>			
Workers	148	300,0	532 800,0
<b>Total</b>	<b>148</b>		<b>532 800,0</b>
<i>Taxes</i>	<i>12%</i>		<i>63 936,0</i>
<b>Total</b>	<b>150</b>		<b>542 400,0</b>

**Including Social Insurance Payments**, the total salary cost is \$607,488.00.

#### Raw Materials, Materials, and Components List

#	Indicators	Unit	Raw Material Requirement at Full Capacity	Cost per Unit	Total Raw Material Cost per Year
<b>Establishment of Livestock Complex</b>					
1	Feed and hay	ton	300 000	35	10 500 000,0
	<b>Total</b>				<b>10 500 000,0</b>

#### Cash Flow

Optimal planning of working capital positively affects the cash flow during the process.

The overall cash flow during the planning phase will be positive.

The total cash flow during the planning horizon will also be positive.

At the end of the project implementation year, the company's net profit is expected to be \$74,409,378.60.

Cash flow calculations are provided in the annex.

#### Net Working Capital Forecast

Working capital is necessary for the normal functioning of production. Optimal planning of working capital prevents excessive spending and shortages.

#### Conclusions

The provided financial results, as well as the comprehensive analysis of the entire project implementation schedule, offer an opportunity to evaluate the current situation in domestic and foreign markets, raw materials, sales markets, potential competition from similar enterprises in this segment, potential production risks, and other factors.

Furthermore, establishing new production within a relatively short time frame not only increases the obtained revenue but also provides opportunities for improving

the produced goods, developing new products, and expanding the company's activities in the field of product development.

Overall, implementing this project aligns with the project initiator's market development goals and participates in the deep economic changes currently being implemented in Uzbekistan, serving the program for further development of the Republic.

### Effectiveness Indicators (USD)

Period	Cash flows	Discount rate	NPV	IRR
Year 0	-55 000 000,0	4%		
Year 1	14 154 970,3	4%	-41 389 451,7	-74%
Year 2	14 518 423,0	4%	-27 966 353,5	-34%
Year 3	14 881 875,7	4%	-14 736 420,2	-11%
Year 4	15 245 328,5	4%	-1 704 649,5	3%
Year 5	15 608 781,2	4%	11 124 630,9	11%

