

Investigating the activity of the large companies producing fabrics worldwide, we came to the conclusion that the sheep wool used in making fabrics is got from sheep of special breed which require special conditions to grow.

Armenia is located in a climatic zone which enables to create more favorable conditions for breeding the given type of sheep. In particular, we are speaking about high mountain zones, clean air, spring water and nutritious feed. Another advantage is also the rich experience of the Armenian peasants in cattle-breeding. This business will be developed in rural areas of Armenia where labor is several times cheaper than that in the European countries.

So, the sheep wool produced in Armenia will have the same quality as that produced in European countries and much lower price at the same time. The main market consuming the product will be large European companies producing fabric.

We expect the business to have two phases:

Phase 1 - Purchase of two hectares (20,000 square meters) of land in the Gegharqunik region of Armenia, construction of buildings for the breeding of 1,000 sheep and purchase of corresponding equipment for breeding and shearing the sheep. According to preliminary calculations, the first phase will require an investment of about 842,000 USD. The first phase will finish in a year where the first production will be represented during several European expos with the aim of attracting potential customers.

Phase 2 - Increase the number of the sheep according to demand up to 10,000 sheep. For this purpose, an additional lot of land will be purchased and more people will be hired.

Alongside with the main product, meat and dairy will also be produced in the second phase which will be consumed in the local market.

The net present value of the investments needed for the business during those two years is 1,562,000 USD. The payback period is almost three years. The expected Internal Rate of Return of this venture is 48%. We believe that this business will have prosperous and sustainable growth as a rural area business project. More importantly this project will contribute to the ongoing efforts of rural development in Armenia.