



Project Title

Promotion of investments to set up the processing industry of ethero-oil plants

Project Type

Sustainable development of the agricultural strategic sector

Project Location

Villages of Koplik, Qendër, Gruemirë, Shkrel

Total Pre-Estimated Budget

300,000 Euro

Project Background and Analysis

Economic analysis of the functional area has made clear that there are about 3,570 hectares of agricultural land producing on average 9000 kg of ethero-oil plants annually. The main benefit from these plants is extraction of certain elements, i.e., oil, essences and some chemical elements which are then used in the cosmetic, pharmaceutical and food industry etc.

The product cycle goes from the farmer to the local collector, to be delivered then crude to international collectors, being possessors or not of a processing industry for these plants. Almost the entire production of these plants is intended for export since there is not any well-known processing and production industry of products with essence bases extracted from these plants. The volume intended for family use, in the form of tea or spices, is insignificant.

Collection of plants, finding a market and also export must be carried out within a specified and limited period, during which the plant retains its values. Over this period, plants risk rotting and lose value. Production of a year cannot be traded in the coming year.

There are basic technologies for extraction of crude oil from ethero-oil plants. Introduction of plants in this initial processing process reduces their risk of decay and loss of production in cases where there is not any immediate market in place. If this industry existed, the medicinal plant would not be the competitive subject in international markets but the extracted crude oil, which resists time and allows flexibility in finding markets.

Specific Objectives of the Project

The objective of the project is to finance the establishment of medicinal plant processing point, in order to extract oil and other crude essences from these plants for further processing in western specialized manufactories, as per the relevant industrial destination.

PROJECT 3



functional area programme
fap

Expected Results and Project Indicators

The following are the expected results:

- Development of the area industry;
- Reduction of product wasted;
- New jobs in the factory;
- A new competitiveness approach in the international market;
- Increase of the cultivated land;
- Sustainable increase of the agricultural land;
- Increase of farmer's family income;
- Higher employment rate in agriculture for families that increase the amount of cultivated land;
- Increase of expertise for ethero-oil plants processing.

Project Activities

- Study on the technological solution and feasibility of setting up a processing factory for ethero- oil plants, based on expected production volumes;
- Study of the legal form of existence (PPP concession, grant etc.);
- Study of the international market and competitive advantages of the Albanian product;
- Line design;
- Promotion of the project and finding state co-financers, foreign and private donors;
- Project implementation, setting up the factory;
- Monitoring of the results during the first years.

Project Maturity

Collection of medicinal plants and bringing them for export is not a long-term solution for the producers of this plant. Every year, finding or not finding a collector in time, could cause disruption of the production, thus bringing a huge financial effect to the farmers in the region and threatening cultivation of the following year's cultivation. It is time that this subsector enters a new phase of development, which includes preliminary processing of the plant. This development is not premature, as this subsector is lagging behind compared to other similar branches of food industry, such as processing of olive oil, sunflower oil, etc., not mentioning a wide range of canned food products. Use of the processing line may initially require the presence of foreign expertise to ensure certification of the product. At the same time, local experts who work in similar industries can be trained. Existence of a processing line and its effective use will promote increase of production of these plants, contributing to the parallel project of putting in use existing uncultivated lands in the area of Malësi e Madhe and beyond. Impact of this investment goes beyond the borders of the functional area of Malësi e Madhe and can be of national importance in its field.

Financial Resources and Implementation Partners

AGRICULTURAL AND RURAL DEVELOPMENT AGENCY, USAID, EU, JAICA

Project Cost

Project cost will include the design, purchase and installation of processing line totaled at an approximate value of 300,000 Euro.