



## Project Title

Promotion of investments to set up the tobacco processing industry

## Project Type

Sustainable development of the agricultural strategic sector

## Project Location

Villages of Koplik, Qendër, Gruemirë, Shkrel

## Total Pre-Estimated Budget

250, 000 Euro

## Project Background and Analysis

Economic analysis of the functional area has made clear that there are about 238 hectares of agricultural land, which produce in average 250 tons of tobacco per year. Production peaked in 2013 with 600 tons, but was not entirely sold. The main benefit of tobacco is tobacco leaves export after the process of drying and prior collection. The product's cycle passes from the collection of leaves by individual farmers, drying them and sending to a local collector, to be delivered then crude to international collectors, being possessors or not of a further processing tobacco industry. Almost the entire tobacco production is intended for export, given that the country does not have any well-known processing industry. The volume intended for individual use in the country, known as "pigtail smoke ", is insignificant. Collection of plants, finding market and export must be carried out within a specified and very limited period during which time the plant preserves its values. Over this period, plants risk of rotting and lose value. Production of a year cannot be traded in the coming year if it is not well preserved. International market of the Albanian unprocessed tobacco has been downgraded. Therefore, the motivation to cultivate declined. This trend is unacceptable for residents of the area, who refer to the period of the communist economy, where tobacco industry had produced preferable products for domestic and foreign market. Experts do believe that revitalization of local tobacco products may compete for import expensive products in price and quality, giving Albanians an opportunity to enjoy local tobacco and giving farmers an opportunity to cultivate this plant which once had great tradition and knowledge. In case of existence of this industry, the competitive subject in domestic and international markets would not be tobacco leaf, but rather the traditional brands of Albanian cigarettes.

## Specific Objectives of the Project

The objective of the project is to finance the establishment of a tobacco factory, with a view of producing domestic famous brand cigarettes that reverse the previous success or the tobacco initial processing (drying, grinding, and packaging), for further processing in the western specialized factories.

# PROJECT 6



functional area programme  
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## Expected Results and Project Indicators

The following are the expected results:

Development of the area industry; Reduction of production 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;

## Project Activities

- Study of the technological solution and the feasibility of setting up a tobacco processing plant, 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

Albania and Shkodër in particular have a long tradition in cultivating and producing tobacco. This tradition is not lost and there is a space in the market for a local product, which can prove successful and competitive in price and more expensive products to import. Every year, finding or not finding a collector in time, potentially disrupts production, bringing a huge financial impact to the farmers of the area and threatening cultivation of the following year. It is time that this subsector enters a new phase of development, which includes preliminary or full processing of tobacco leaves. This development is not premature, as this sub-sector is lagging behind compared to other similar branches of the food industry, such as olive oil, sunflower oil processing, etc., not mentioning a wide range of canned food products. The use of tobacco processing line may initially require the presence of foreign expertise to ensure the product certification. At the same time local experts working in similar industries can be trained. Existence of a processing line and its efficient 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 functional area of Malësi e Madhe and can be of national importance in its field.

## Financial Resources and Implementation Partners

AGRICULTURALAND RURAL DEVELOPMENT AGENCY; USAID; EU; JAICA

## Project Cost

Project cost will include the design, purchase and installation of the processing line and is totaled at an approximate value of 250,000 Euro.