



Project Title

Promotion of investments to set up the chestnut processing industry

Project Type

Sustainable development of the agricultural strategic sector

Project Location

Villages of Këlmend and Kastrat

Total Pre-Estimated Budget

200,000 Euro

Project Background and Analysis

Economic analysis of the functional area has identified that there are about 450 hectares of land planted with chestnut trees, mainly in the area of "Këlmendi and Kastrati" of which there are collected on average 1,300 tons of chestnuts per year. The main benefit from chestnuts is the sale in the domestic market for direct use by the customer, and the sale in the foreign market for direct use or further processing in the food industry. The product's cycle goes from individual collectors to local collectors, to be delivered then crude to international collectors, being possessors or not of chestnut processing industry. Their export is increased by finding a very pleasant market in Italy. There is not any well-known industry in place for chestnut processing and production of essence-based products for food industry. The volume intended for family use is small in proportion to the total production. Some part of production is not harvested at all from trees, as a result of not having a safe market. Collection of chestnuts, finding the market and export must be carried out within a specified and limited period, during the period of which the fruit retains its values. Over this period, fruits risk to dry and lose their values. Production of one year cannot be traded in the coming year. There are basic technologies in place for boiling and conserving chestnuts. Introduction of the fruit in this initial processing process reduces the risk of decay, damage from insects, as well as loss of production in case of unavailability of an immediate market. If this industry existed, fresh chestnuts would not be the only competitive product in the international market, but also chestnuts boiled and canned, as these products resist time and allow flexibility in finding markets.

Specific Objectives of the Project

The objective of the project is to finance the establishment of a chestnut processing point, in order to maintain nutritional values and increase the lifetime of the product for further processing in specialized factories in the west, as per the relevant industrial destination.

PROJECT 4



functional area programme
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Expected Results and Project Indicators

The following are the project expected results:

- Development of the area industry; Reduction of product wasted; New jobs in the factory; A new competitiveness approach in the international market; Encouraging the increase of chestnut forested 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 land worked; Increase of expertise in processing local chestnut.

Project Activities

- Study of the technological solution and the feasibility of setting up a processing plant for Albanian native chestnuts, 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; Implementation of the project, setting up the factory; Monitoring of the results during the first years.

Project Maturity

Collection of chestnuts and bringing them for export is not a long term solution for collectors of this plant in the mountainous area of Malësi e Madhe. Every year, finding or not finding a collector in time, could cause disruption of the production, thus reducing income and bringing discouragement to farmers in the region to cultivate and collect 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; RURAL DEVELOPMENT FUND; ALBANIAN DEVELOPMENT FUND; USAID; EU; JAICA

Project Cost

Project cost will include the design, purchase and installation of the processing line and is totalled at an approximate value of 200,000 Euro.