



Ministry of Investment,
industry and trade
of the Republic of Uzbekistan

Investment proposal: Development of a medicinal plant cultivation and processing cluster



Development of a medicinal plant cultivation and processing cluster

Economic impact:

- Over \$135 million in annual export revenue from high-value medicinal plants
- Significant foreign currency inflow, strengthening Uzbekistan's trade balance
- Boost to regional agricultural infrastructure, including roads, irrigation, and storage
- Transfer of agro-biotechnological expertise from Japan to Uzbekistan

Social impact:

- Creation of over 5,000 direct and indirect jobs in farming, logistics, and processing
- Stimulation of rural entrepreneurship, with training and micro-grants for smallholders
- Improvement of living standards in remote regions of Karakalpakstan through income diversification and community reinvestment

Location of the project



Republic of Karakalpakstan	
Size	166,600 km ²
Population	2,0 mln



Project description:

1.Integrated cultivation and processing of medicinal plants. The project will develop 11,000 hectares of farmland in Karakalpakstan to cultivate licorice (5,000 ha), sesame (3,000 ha), and ferula (3,000 ha), using sustainable and organic practices.

2.Establishment of a modern processing facility. A centralized processing hub will be built with Japanese technologies to produce licorice root extract, high-grade sesame products, and dried ferula gum for export markets.

3.Collaboration with local farmers and cooperatives The project will engage over 1,500 local farmers through contract farming, providing technical support, guaranteed procurement, and income stability

Economic indicators:



Financing: 35 mln USD



Area: 11 thousand hectares



Revenue (for 1st year): \$23,82 million



PP: 2,6 years



NPV: ~ \$15,3 million



IRR: ~18,5%

Production indicators:



Licorise: 5 000 hectares



Sesame: 3 000 hectares



Ferula: 3 000 hectares



Total production: 19 900 tonns



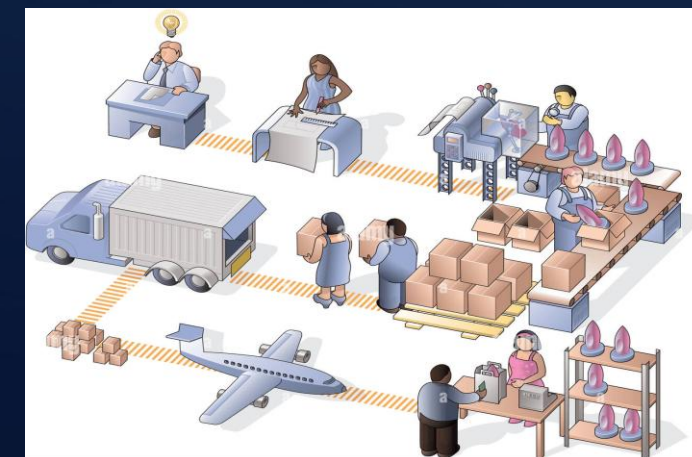
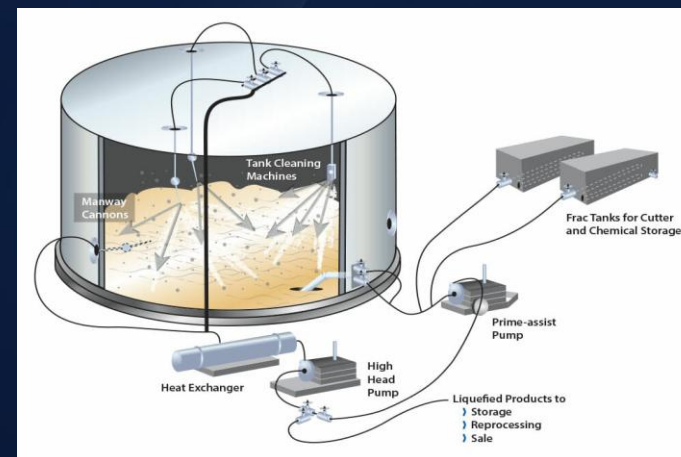
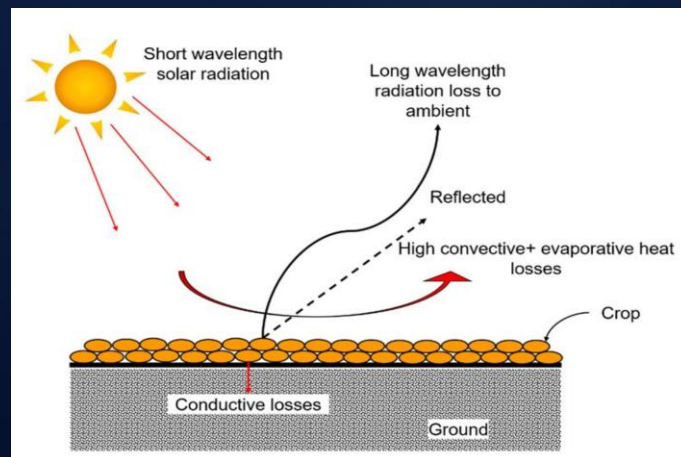
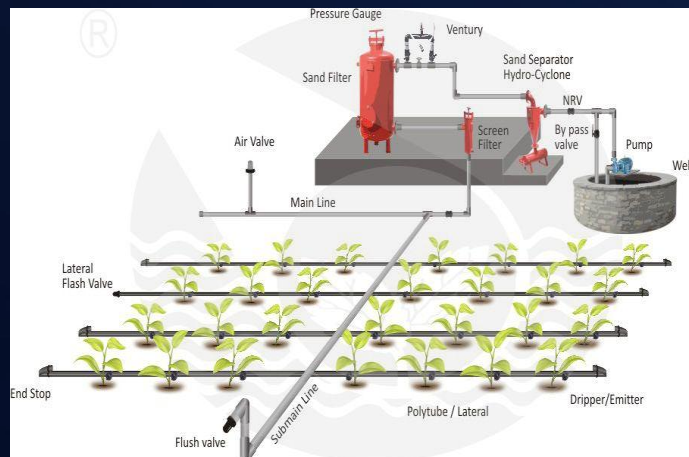
Medicinal plant processing chain & product yield

Key production stages

- 1. Land preparation and planting: Soil treatment, sowing, irrigation, and agronomic care**
- 2. Harvesting and drying: Manual and mechanical harvesting followed by natural/sun drying**
- 3. Processing: Cleaning, cutting, extraction (for licorice), drying, and milling**
- 4. Packaging and logistics: Final products are packed and prepared for export markets**

Product yield breakdown

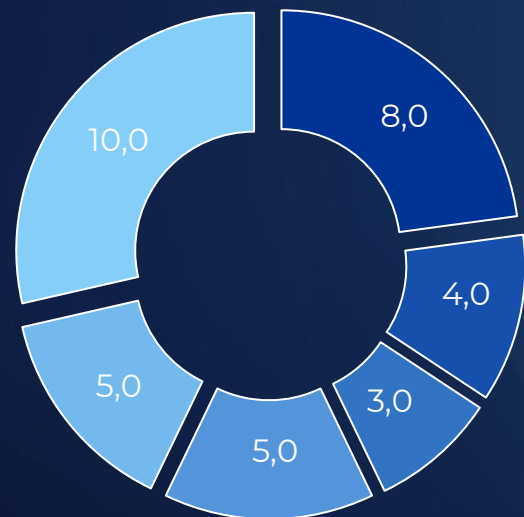
	Product segment	Area	Yield per hectare (tons)	Total annual production
1	Licorice	5 000 ha	2 tons	10 000 tons
2	Sesame	3 000 ha	1,5 tons	4 500 tons
3	Ferula	3 000 ha	1,8 tons	5 400 tons
4	Total	11 000 ha	-	19 900 tons





Project expenses

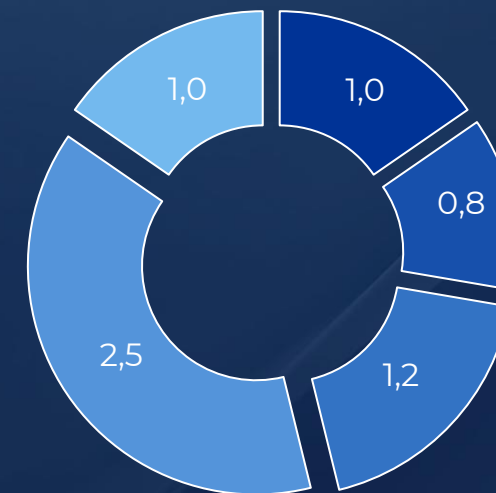
Initial Investment (CAPEX) (mln dollar)



Total CAPEX: **\$35 mln**

- Land Preparation & irrigation
- Seeds & planting materials
- Fertilizers&chemicals
- Harvesting&processing
- Infrastructure

Operating Costs (OPEX) (mln dollar)



Total OPEX: **\$8 mln**

- Land preparation & irrigation
- Seeds&planting materials
- Fertilizers&chemicals
- labor
- Infrastructure

This financial review outlines the comprehensive cost structure and strong profitability of the proposed medicinal plant product manufacturing project. The section includes initial capital expenditures (CAPEX) and annual operating expenses (OPEX), as well as projected revenue and profit estimates.

Product	Volume (t)	Price (\$/t)	Revenue (\$ million)
Licorice	10,000	\$1 500	\$15
Sesame	4,500	\$1 000	\$4,5
Ferula	5,400	\$800	\$4,32
TOTAL	19,900		23,82

Annual EBITDA:

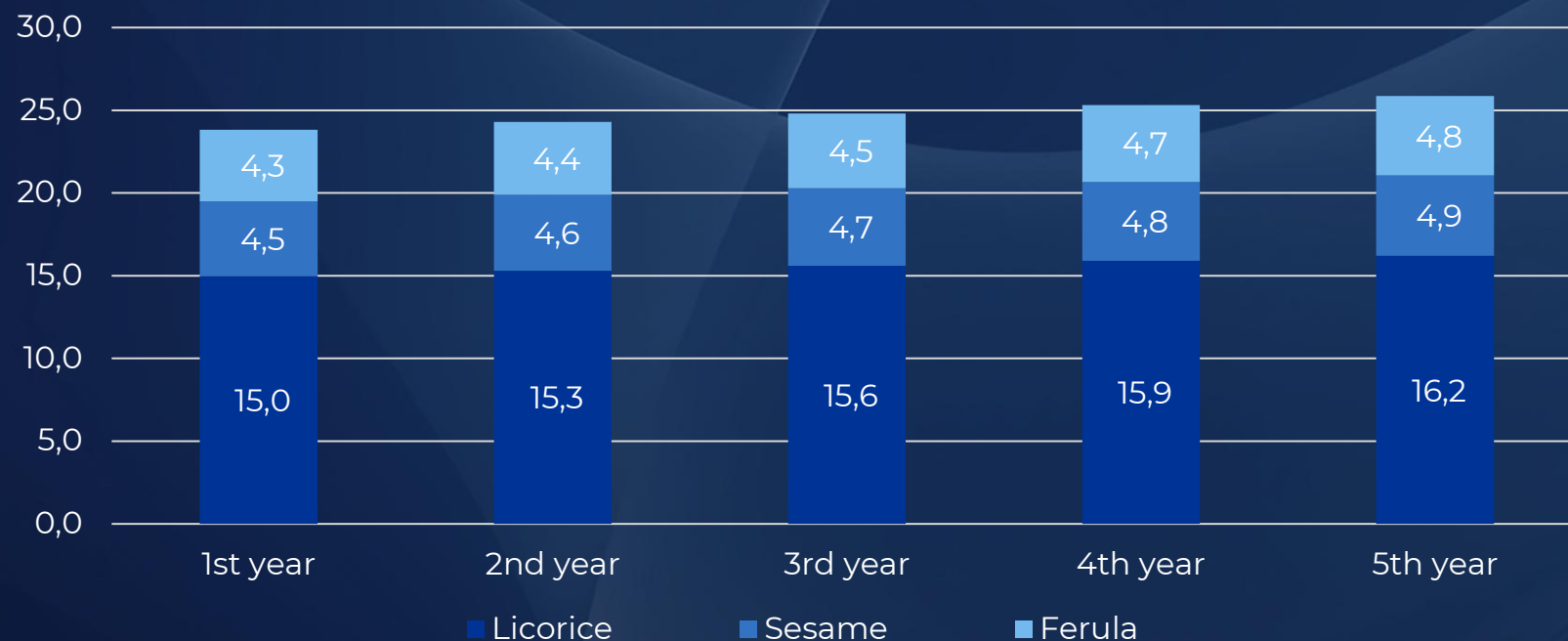
= \$23,8 mln - \$8 mln = **\$15,82 mln**

The project's strong profitability forecast is underpinned by efficient operations and high market demand, positioning it as a highly attractive investment.

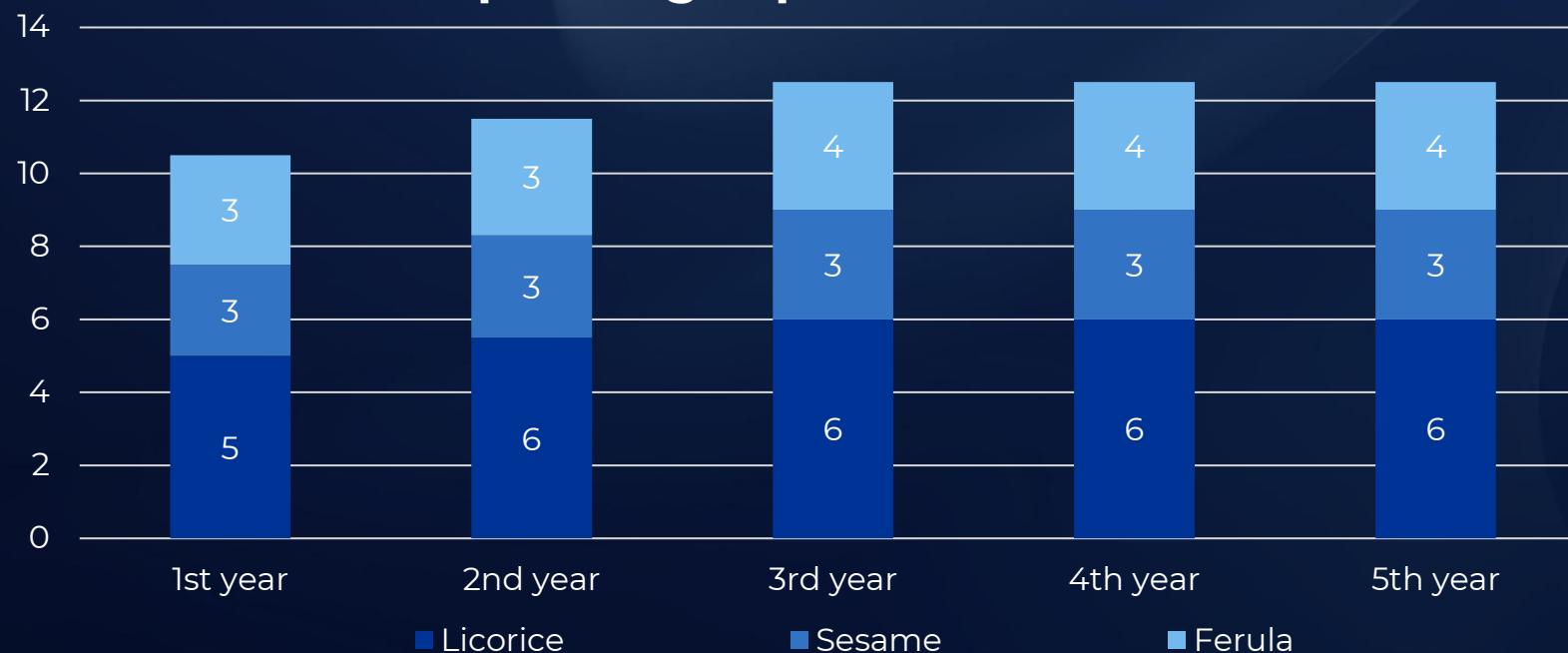


Financial indicators (5-year projection)

Revenues (mln dollars)



Operating expenses (mln dollars)



Breakeven: Achieved in year 3

Cumulative cash flow: \$70,12M net cash flow over 5 years after operating expenses and taxes.

EBITDA growth:

2,5% CAGR, reaching \$17,2M by Year 5.

NPV (10% discount rate):

NPV=50,3M-35M=**\$15,3 million** (Highly favorable!)

IRR (Internal rate of return): **~ 18,5%**

Payback period (PP):

= 2,55 years

Profitability index (PI):

$$=(NPV+CAPEX)/CAPEX=(\$15,3+\$35)/\$35=$$
1,44