



**Central Department of Feasibility Studies
and Investment Costs Estimation**

General Department of Economic Feasibility Studies

Summary of a Preliminary Feasibility Study on Raising and Fattening Livestock



(January 2024)

INVEST IN EGYPT

GAFI Translation Department

The Outcomes of a Preliminary Feasibility Study on Raising and Fattening Livestock *

Livestock Production Sector

Project General Description

- Food security is one of the main pillars of the national strategic security. The Egyptian food cart is characterized by its lack of animal protein goods. livestock production activity is an integral part of agricultural activity, and livestock production is one of the important agricultural capital resources in Egypt due to the contribution of its various products (primary and secondary products) to the agricultural production, thus occupying a significant position in the economic structure in general and the agricultural economy in particular.
- The livestock sector is considered one of the most important sectors that enjoy distinction and great development potential. The State is interested in this sector in order to achieve self-sufficiency of meat and dairy to meet the needs of the local market. By supporting this sector, the State also aims to supplement the productive capacities of farms, support national campaigns to vaccinate animals against diseases, and develop livestock slaughterhouses and veterinary quarantine places, in addition to conducting the necessary studies to improve breeds, while reviving the veal project and opening new export horizons.
- According to the bulletin of the Central Agency for Public Mobilization and Statistics "CAPMAS" issued in May 2023, the number of livestock (cows -Buffalo - sheep – camels) reached 7.5 million heads in 2021 compared to 7 million heads in 2020, with an increase of 7.3%, as the number of cows reached 2812 thousand heads in 2021 compared to 2745 heads in 2020, with an increase of 2.4%.
- Livestock raising is considered one of the significant activities that have a direct impact on the public health and environment, as such activity deals with the basic nutrients needed for humans.
- This project provides many job opportunities for youth, as it relies greatly on the manpower and contributes to eliminating the unemployment.

Project Products

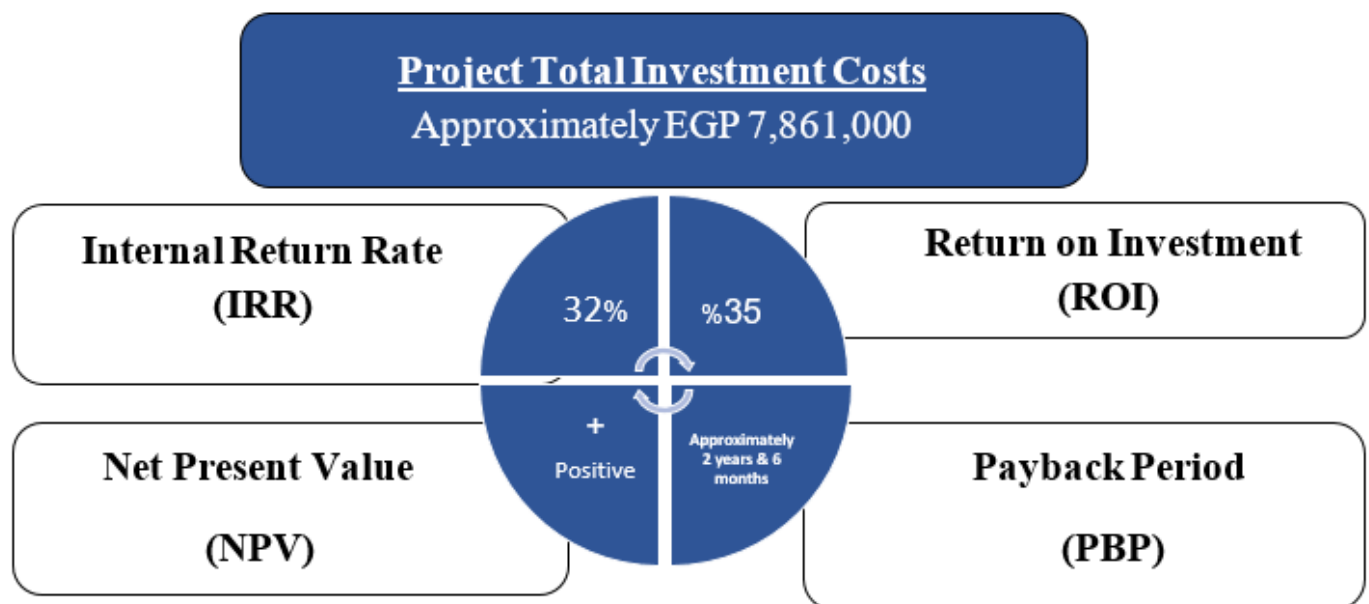
- The project aims to raise livestock for the purpose of fattening them, with an average of 100 heads per year

* The data mentioned in this study are preliminary, estimated, and indicative material retrieved from the competent authorities for the purposes of promoting the investment opportunities available at GAFI. Accordingly, they may not be used before banks, the judiciary, or any other government entity or any third party.

The Investment Opportunity and the Location of the Project

- As per the data available from the competent entities and the investment opportunities available on the Investment Map, the project can be established in Beheira Governorate, north of Baramos Monastery, at *Markaz* Wadi El Natrun
- It is possible to establish the project in any other governorate, that has the resources necessary for the project.
- Act of disposition: usufruct, on a surface area of one feddan, the equivalent of approximately 4,200 m².

The Most Important Financial Indicators of the Project



The Outcomes of the Legal Feasibility Study

- As per the provisions of Investment Law, livestock production is one of the activities subject to the aforementioned Law, and the State gives it due diligence and incentives to encourage it.
- Companies that have been incorporated to carry out such activity may be incorporated in accordance with the provisions of Investment Law, Companies Law, or the Trade Law, as per the owners' desire.
- The project may be incorporated as sole proprietorship, partnership, limited liability company, or joint stock company.
- Some legal determinants must be taken into account regarding the obtainment of the activity license, which are:

- All poultry and livestock projects can only be established on newly reclaimed desert lands, provided that the preventive requirements are met, in accordance with the Minister of Agriculture Decree No. 773 of 2017;
- The approval of the governorate that has jurisdiction on land, its affiliated local units, or the government office; and
- The requirements of Civil Defense Authority.
- In case of exportation, the project must obtain an import and export card specifying the nature and description of the products, or export through an intermediary company that undertakes the export and customs release procedures on behalf of the project.

The Outcomes of the Environmental Feasibility Study

- The environmental feasibility study is defined as the study that explains the degree of protection and maintenance achieved for the environment, by taking into account its absorptive capacity or its maximum capacity to withstand human activities aimed at exploiting environmental resources without the occurrence of environmental degradation or depletion on the short and long term, whether directly or indirectly.
- Environmental feasibility studies are one of the pillars of environment protection and conservation. Since the sustainable development is the development that takes into account the environmental aspect as well as the economic and social aspects, attention to environmental feasibility studies for various development projects is an imperative necessity to achieve sustainable development, in addition to economic feasibility studies that aim at ensuring the achievement of the greatest possible material benefits for the project without taking into account the conditions and capabilities of the environment and the potential negative effects of the project on the environment.
- The Public Shops Law specifies the controls for licensing a place or a farm where livestock and sheep are raised, as a number of general requirements must be met to obtain a license for these activities. Such requirements include that the management of these facilities must take special measures regarding vital biological safety requirements to protect workers from infection and diseases as a result of exposure to biological pollutants in the work environment such as viruses, fungi, bacteria, parasites, and insects that transmit and cause many diseases.
- The project is classified as a Category (A) project, as it is listed under item No. (42) on the list of projects environmental classification issued in accordance with the provisions of Item No. 7 of Article (14-*bis*) of Law No. 105 of 2015 issued on October 19, 2015 amending Environment Law No. 4 of 1994 and its amended Executive Regulations, and in accordance with Minister of Environment Decree No. 16 of 2016.
- According to the intended goal of the project and its positive impact on the environment, given the fact that the project is based on livestock production, it becomes clear that the project is environmentally feasible.

The Outcomes of the Social Feasibility Study

- The social feasibility study aims to analyze the social benefits and costs of various projects for the purpose of selecting projects that achieve the maximum social benefit. It is noted in this regard that the social feasibility study pays attention to additional aspects that no other feasibility study has paid attention to because it focuses on the social effects of the project due to the project's contribution to achieving the economic and social goals of the society.
- Investment projects are one of the main pillars of the State's economic development process and a mean to achieve the economic, social and development goals, which eventually results in achieving high levels of well-being.
- The project creates new job opportunities, and employs different types of workers, directly through working in the project itself and indirectly through the project's supply chains, as it provides about (12) direct job opportunities, in addition to indirect job opportunities.
- The project reduces the unemployment rate, especially the uneducated labor whom the project needs and pays wages to, so that they can afford a decent life and become productive in the society.
- The project contributes to the national program to replace imports, which is beneficial for the society by relying on local manufacturing, providing hard currency, and localizing the industry.
- The project contributes to the development and growth of the surrounding social environment as a result of the indirect services needed by the project in dealing with the surrounding environment, and the complementary industries or the industries related to the activity nature, which may help in providing more indirect job opportunities.
- In light of the abovementioned, it becomes clear that the project is socially feasible.

The Outcomes of the Marketing Feasibility Study, Growth Drivers, and Competitiveness

- The project aims to raise and fatten livestock.
- The project contributes to increasing the local production of livestock and red meat, resulting in reducing the import rate and contributing to achieving self-sufficiency.
- Egypt's strategic location facilitates exporting to Asia, Africa, Europe and North America.
- One of the growth and competitiveness drivers of the activity being the subject matter of this study is Egypt's signing of a number of international trade agreements, including:
 - The Greater Arab Free Trade Area (GAFTA)
 - Common Market for Eastern and Southern Africa (COMESA)

- Agadir Free Trade Agreement
- The EU-Egypt Association Agreement
- EFTA (The European Free Trade Association) -Egypt Free Trade Agreement
- Qualifying Industrial Zones (QIZs)
- Egypt-Mercosur (the Southern Common Market) Free Trade Agreement

1. **(SWOT Analysis)**

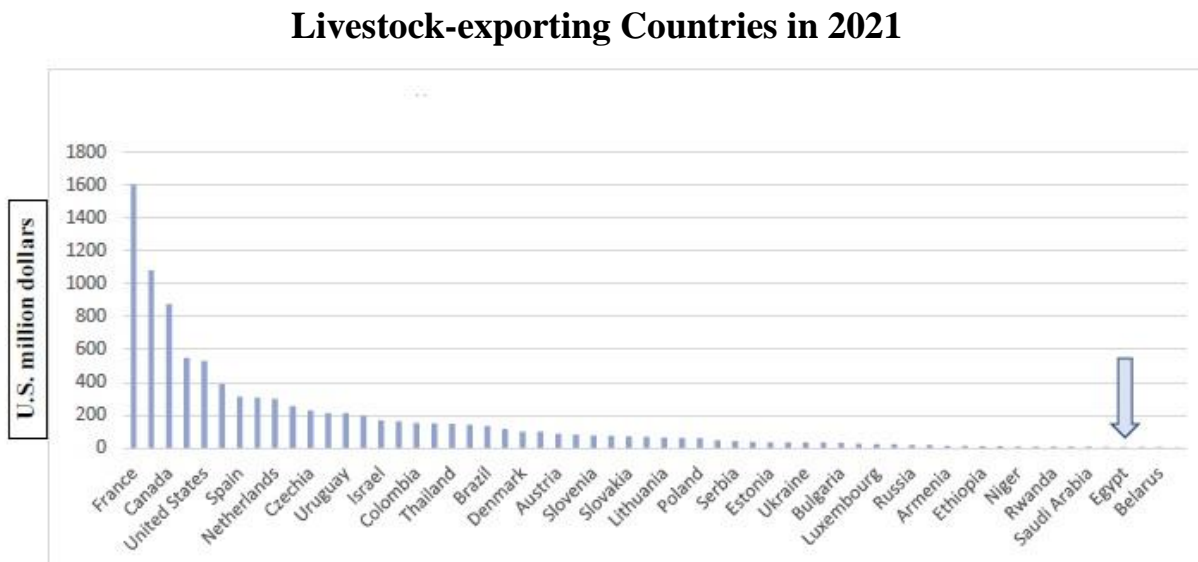
SWOT analysis is known as situation analysis in terms of the internal and external environment of the project. It is an abbreviation refers to 4 words:

- ✓ Strength: express the strengths of the project's internal environment.
 - ✓ Weakness: indicates weak factors in the internal environment of the project.
 - ✓ Threats: indicate external threats affecting the project.
 - ✓ Opportunities: indicate available opportunities that can be used to get the best results from the project now or in the future.
- **The expected SWOT analysis of the project being the subject matter of this study can be prepared as follows:**

<u>(a) Analysis of the expected internal environment of the project:</u>	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Availability of a suitable place to establish the farm. • Availability of the necessary expertise to manage and operate the project. • Availability of trained manpower. • Use of high-quality feed types. 	<ul style="list-style-type: none"> • Spread of some viral and bacterial diseases. • Poor veterinary medical technology in dealing with various types of epidemics. • Rise of livestock feed prices, which doubles production costs.
<u>(b) Analysis of the project's expected external environment:</u>	
Opportunities	Threats
<ul style="list-style-type: none"> • Availability of many surface areas in several governorates to set up the project. • Existence of an umbrella of laws that provide incentives and guarantees to encourage investors. 	<ul style="list-style-type: none"> • Fierce competition between livestock farm owners and those capable to provide competitive prices to the local market. • Lack of exporting abroad and just depending on the local market. • Diseases and epidemics that threaten the lives of livestock. • Continuous increase in the prices of various types of livestock feed.

2. Supply Volume

- According to World Bank data, Egypt ranked 57th globally in terms of livestock exports in 2021. This is shown in the following graph:

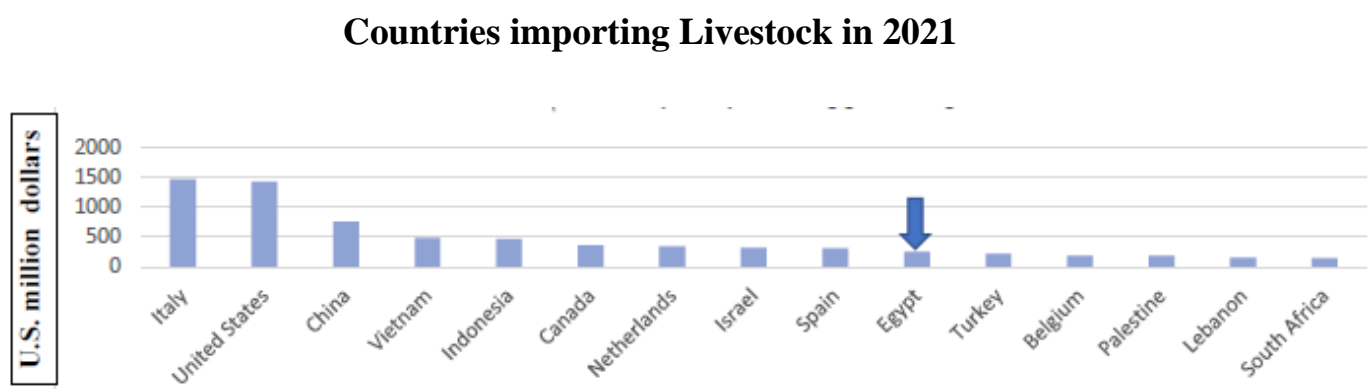


The graph is developed as per WB data of 2021

- Egypt's total export volume of livestock to Palestine in 2021 amounted to approximately USD 4 million.

3. Demand Volume

- According to World Bank data, Egypt ranked 10th globally in terms of importing livestock in 2021, and this can be explained through the following graph:



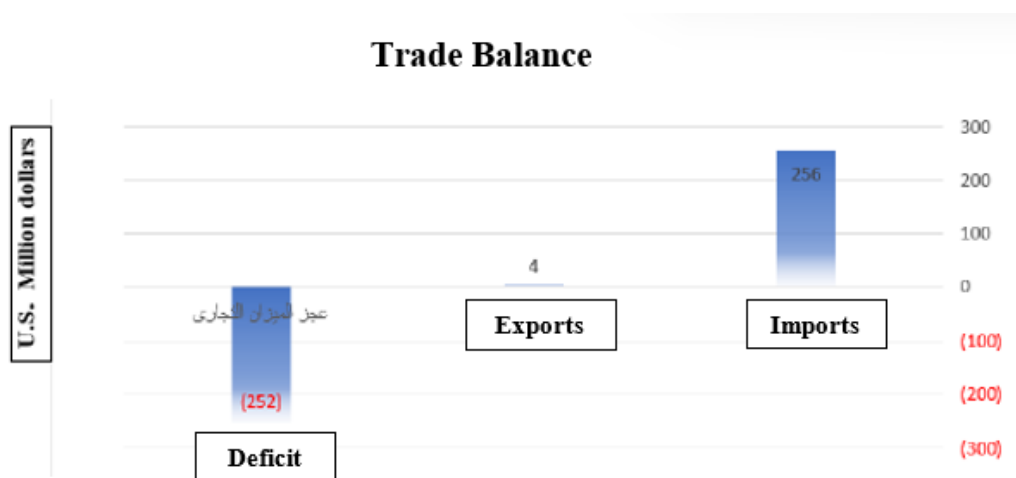
The graph is developed as per WB data of 2021

- The total volume of Egypt's imports in 2021 amounted to approximately USD 256 million.

- The main countries from which Egypt imported during 2021 are as follows: (Colombia \$90 million, Venezuela \$71 million, Uruguay \$20 million, Sudan \$19 million, Hungary \$16 million, Spain \$10 million, Ukraine \$8 million, Germany \$6 million, Georgia \$4 million, Netherlands \$2 million, Bulgaria \$1 million).

4. Trade Balance

- It is clear from the foregoing that there is a deficit in the trade balance of livestock in 2021.
- During 2021, Egypt's exports amounted to approximately \$4 million and its imports amounted to \$256 million. This can be explained through the following chart:



The graph is developed as per WB data of 2021

- It is clear from the foregoing that Egypt had a deficit in livestock worth approximately \$252 million.