Impact of Agricultural Investment on Developing Egypt’s Agricultural Sector

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Abstract: Agricultural investment is one of the basic means for achieving successful agricultural development, where it is the main pillar for increasing production, income, and creating new employment opportunities. The research aimed to study the efficiency of agricultural investment and its importance for Egypt's national economy in the light of the prevailing economic and political conditions, in addition to studying the impact of agricultural investment on achieving the targeted agricultural development in Egypt, gross and agricultural domestic products, agricultural income, share of the agricultural sector in gross domestic product, annual growth rate of the agricultural sector, and per capita share of the gross agricultural product over the period 2000-2013, in order to measure the importance of the agricultural sectors and economic efficiency indicators to assess the efficiency of agricultural investment. The study revealed that average value of the capital intensification coefficient amounted to LE 1.24 thousand per worker. The value ranged between a maximum of LE 1.87 thousand per worker in 2002 and LE 0.733 thousand per worker in 2012. A value higher than one for this coefficient indicates intensified activity for capital use and reduction of unemployment rate. It was also clear that in case 60% of the value of agricultural investments in 2015 about LE 11626.6 million, is allocated to plant production, especially from New Lands, reclaiming new lands. Taking into account that average value required to reclaim one feddan of land is estimated at LE 10000 under traditional irrigation, the 60% of agricultural investment's value (LE 6975.96 million) can contribute to the reclamation of 698 thousand feddans (only leveling and traditional irrigation mean). But if the same value is allocated for Greenhouse production, knowing that the cost of establishing one Greenhouse of size (9*40m) is estimated at LE 11.5 thousand, and that 12 Greenhouses can be established on one feddan at a total cost of LE 138 thousand feddan. Therefore, Greenhouses can be established over 50,550 thousand feddans of land and supplied with appropriate irrigation system to be ready for planting seedlings. It should be noted that this cost is based on the prices of 2015, which means that the cost will be higher in future years. Therefore, the research recommended attracting new investments to the agricultural sector proportionate to share in Gross Domestic Product and Value Added, in addition to allocating investments to plant production in particular due to its high contribution to agricultural income that reached 68.26%. The research also suggested that allocating 60% if the value of agricultural investments for the year 2016 can lead to reclaiming 690 thousand feddan; and recommended offering the lands included in the Development Plan for individuals under usufruct system after reclamation, taking into account that profit per pound invested in new land is 1.74% higher than that invested in Old Land.

Keywords: Agricultural investment efficiency, the investment in greenhouses, the impact of investment on agricultural development.