



June 2021

The Egyptian Government's Effort in Improving the Environment of Farmers and Villages



Research and Studies Unit of the Forum of

Development and Human Rights Dialogue



Introduction

Constitutional rights of Farmers

Evolution of the Egyptian Agricultural Sector Performance 2014-2020

The National Project for the Development of Egyptian Villages

Most Prominent Agricultural National Projects 2020-2021

Conclusion

Recommendations

References



Introduction

Egypt depends mainly on its economy on the agricultural sector, which constitutes about 14.7% of the Gross National Product, with more than 8 million working in it which is equivalent to about 32% of the Egyptian labour market. Egyptian farmers were, and still are, appreciating the conditions of their country, satisfied with the few, and bearing the high prices of production requirements and the low prices of their crops. The agricultural sector and its workers have been getting much less attention than it needs to have the appropriate environment and climate for its preservation and development. Unfortunately for the current government, it inherited a legacy of all problems which includes a lack of a clear agricultural policy, that it is required to address and develop solutions for.

The agricultural sector has recently witnessed great developments, within the framework of various national agricultural projects. President Sisi has also attached special importance to these projects since the start of his presidency. This is due to the sector's important role in food security and the national economy, and out of the state's keenness to improve this sector and the conditions of farmers. Some of these projects are the "Veal Revival" project, the largest greenhouse project in the Middle East, the 1.5 million Feddan Project, and fish farming projects in East Port Said, the Suez Canal, the projects of fertilizer complexes, the national project for seed production, the one million head of cattle project, farmers cards, and others.

In addition, the National Project for the Development of Egyptian Village aims to purify the drain's water and improve the health and environmental conditions of the residents of the areas within its scope. It aims to develop and develop all Egyptian villages socially, and economically. Each village would have a fair share of various services in the infrastructure and public services, and a fair share in economic projects, increasing their income and their opportunities for honest work.

President Abdel Fattah El-Sisi stressed that the development of the Egyptian countryside has a great opportunity to be a driving force for the Egyptian industry during the next three years. President Sisi emphasized that the Egyptian countryside has been abandoned for many years. He continued that he was not saying that to put blame on anyone but that "we are moving as a country with the efforts of Egypt and Egypt's money to change this reality."



This research paper aims to identify the extent of the Egyptian government's contribution to improving the farmer's environment during the period from 2014 to 2021.

Constitutional Rights of Farmers in the 2014 Constitution

The 2014 constitution is the first constitution in the Arab region that preserves agriculture, and the rights of the farmer. It obligates the state to protect agricultural lands, provide production requirements, and purchase crops at the right price. This gives stability to the farmer and helps him increase his production.

Article 17: "The state works to provide appropriate pensions to small farmers, agricultural workers, hunters and informal labour in accordance with the law."

Article 29: "Agriculture is a basic component of the national economy. The state commits to protecting and increasing land under cultivation, and incriminating encroachments thereon. It works on developing the countryside, raising the standard of living of its inhabitants and protecting it from agricultural risks, and works on developing agricultural and animal production, and encouraging industries based thereon.

The state commits to providing the requirements of agricultural and animal production and buying basic agricultural crops at appropriate prices to achieve a profit margin for farmers in agreement with agricultural unions, syndicates and agricultural associations. The state also commits to the allocation of a percentage of reclaimed lands to small farmers and youth graduates, and to the protection of farmers and agricultural workers against exploitation. All the foregoing will take place in the manner organized by law."

Article 42: "The law regulates the representation of small farmers and small craftsmen that is no less than 80 per cent of the boards of directors of agricultural, industrial and trade cooperatives."

Evolution of the Egyptian Agricultural Sector Performance 2014-2020



Throughout the period between the 2011 revolution till 2014, farmers suffered from a lack of support, and losses were incurred as a result of the successive difficulties encountered. This worsened the agricultural situation in Egypt after it was considered a pioneer in agricultural production and export.

Improving the conditions of the Egyptian farmer can only be achieved by creating a better work environment. It has to address all obstacles that negatively affect agricultural work, open new horizons to create attractive investment opportunities in the agricultural sector, and achieve real gains for the farmer.

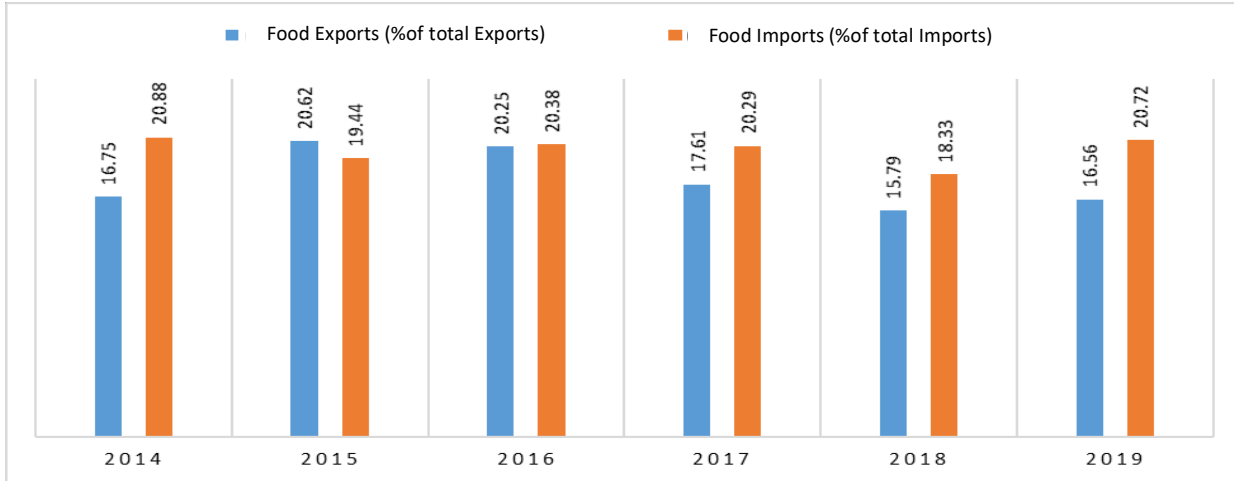
Among the most important steps taken in this context are:

Providing support to farmers:

In line with the objectives of the state's financial policy in alleviating the suffering of small farmers, the state subsidizes production requirements such as fertilizers, seeds and pesticides, assists in confronting some agricultural pests, and contributes to reducing seed prices. It also provides soft loans for some agricultural purposes. The public treasury bears the differences in interest on loans allocated to agricultural production. It is estimated that about EGP 3,353 million were allocated to subsidies for farmers in the draft of the 2014/2015 budget. This amount includes EGP 2,600 million to support agricultural crops, as a result of the state's purchasing the wheat crop for the 2015 season at more than the average world prices, in order to encourage farmers to plant strategic crops.

The agricultural sector contributed about EGP 669.8 billion during 2019/2020, compared to EGP 588 billion in 2018/2019, and total agricultural exports reached 5 million tons in 2020, compared to 5.5 million tons recorded in 2019.

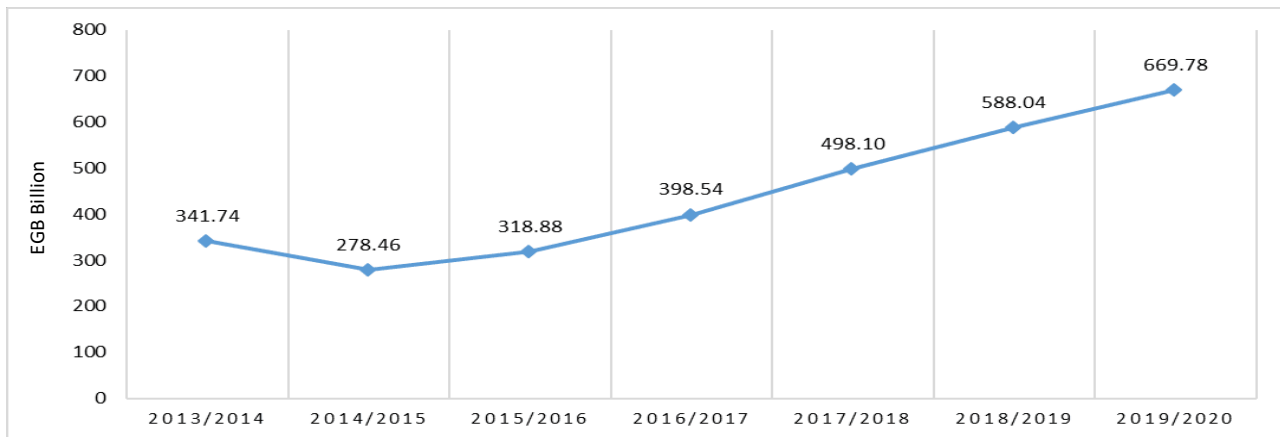
Figure 1: Food exports and imports



Source: World Bank, Statistics on the Agricultural Sector

The figure shows the relative stability of the percentage of food imports out of the total merchandise imported around an average of 20%. On the other hand, the percentage of food exports out of the total merchandise exported ranged between 15% to 20%.

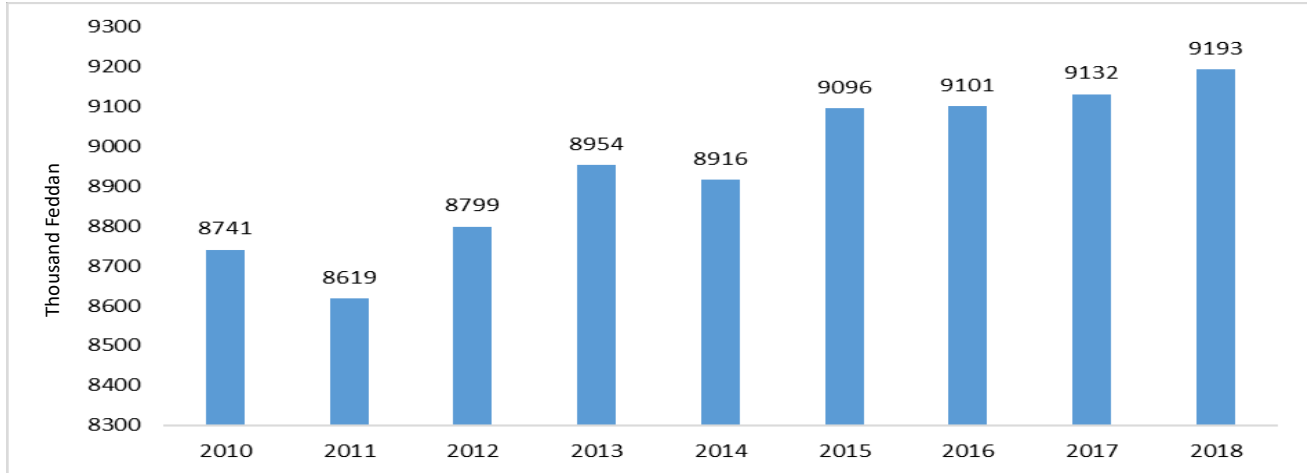
Figure 2: Gross domestic product at factor cost (Agricultural sector)



Source: Central Bank of Egypt, Monthly Statistical Bulletin

It shows the extent to which the GDP at the factor cost increased for the agricultural sector from the fiscal year 2013/2014 to 2019/2020 by about 96% from EGP 341.74 billion to EGP 669.78 billion

Figure (3) Total cultivated area



Source: Central Agency for Public Mobilization and Statistics

It is clear from the previous figure that the total cultivated area in Egypt increased to 9.193 million feddans in 2018, compared to 8.741 million feddans in 2010, which represents an increase of 5.17%.

The National Project for the Development of Egyptian Villages

The Egyptian countryside has suffered neglect and marginalization for decades, causing thousands of families to fall into poverty, and have difficulty obtaining basic services such as health, clean water and electricity. This has become a major obstacle to achieving sustainable development and Egypt's 2030 Vision and raising economic growth rates. It also poses a considerable risk to Egypt's political and social stability.

This led the government to pledge to address the development gaps between the governorates of the Republic. President Sisi assigned the Ministry of Local Development to develop a national program for the development of the 4,200 Egyptian villages and their dependencies (30,888) estates, Kafr and hamlets, socially, economically and urban. It aims to improve the quality of life of the people of the villagers and their participation. Each village should get a fair share of the infrastructure, public services and economic projects, which will increase their income. This is within the "Decent Life" initiative by the Egyptian President to develop the poorest Egyptian rural villages, named the "National Project for the Development of Egyptian Villages", to change their conditions and provide them with a decent life.



President Sisi stated that Egypt is dealing with an unorganized reality. The government is targeting the unorganized and already-formed villages and their dependencies. He urged the government to work with an organised plan which will require a lot of effort and will be faced with various challenges. He also stressed Egypt's seriousness in dealing with the issue of people in the Egyptian countryside suffering. He promised the people that they will be able to see each stage and success done.

President El-Sisi added that the project to develop the Egyptian countryside is a great challenge as it is aimed to change the reality of nearly 55 million people in the countryside. He stressed that all departments of the Egyptian state are being called upon to intensify efforts to commensurate with the resources allocated to the Egyptian rural development project, which amount to 500 billion pounds.

The plan for the development of the Egyptian countryside, according to many studies, was carried out for many years through the relevant ministries, and now it completes the process of development and progress in the life of the Egyptian farmer to get a decent life.

The Egyptian government has launched several national projects during the past few years, such as the 1.5 million acres project, the 100,000 greenhouses, livestock and fish farming projects, and the return of poultry exports. The agricultural and food projects that are established also seek to bridge the gap between production and import to provide foreign exchange for the benefit of the local economy by exporting agricultural products surplus. The "New Delta" project is expected to contribute to achieving these goals.

During 2020, there was clear development in Egyptian agriculture. 305 Egyptian agricultural commodities were marketed in the markets of 160 countries. Moreover, 11 new markets were opened to Egyptian exports, the most important of which were the European markets and the Japanese market. Egypt also achieved 100% self-sufficiency in vegetables and fruits, with production reaching 20.5 million tons of vegetables and 10.7 million tons of fruits. To add to that, 100% self-sufficiency of rice and onions was achieved after producing 6.5 million tons and 4 million tons, respectively.

A smart farmer card system was launched. It is a new system to protect the farmers' rights and facilitate directing production requirements to those who need it. It ranges between EGP 400 million and EGP 800 million. To add to that, the total loans provided to finance crops, vegetables and fruits amount to about 8 billion pounds.



This initiative seeks to provide an integrated package of services of various aspects of health and livelihood, and include all state agencies, civil society and the private sector in the application through the implementation of several presidential initiatives.

Livestock development:

President Sisi launched the national project to revive veal to reduce the gap between import and production in meat, and reach self-sufficiency. The livestock development project aims to raise the productivity of red meat, and enhance the contribution of associations and companies with the government in reducing the red meat deficit. In addition to that, they are improving the dairy distribution and collection centres as loans were allocated from the Agricultural Bank of Egypt to finance the purchase of equipment in 15 milk collection centres, with a value of about EGP 9.4 million.

Developing the electrical infrastructure:

The president ordered the development of the electrical infrastructure in the Egyptian villages. He also demanded to audit the data related to the Decent Life initiative, to provide updated and accurate databases that provide knowledge and a clear vision for the state agencies regarding the aspects and details of the project. It also contributes to the comprehensive development of aspects of livelihood and services for half of the Egyptian population.

Decent Life Initiative:

Curative care projects are established in rural villages, including those related to the implementation of the comprehensive health insurance system. To add to that, the establishment and development of central hospitals, medical facilities, health units, mobile health care programs and mechanisms, medical convoys, mobile clinics and ambulances, was ordered.

The President also directed attention to the health of the Egyptian countryside by doubling the number of medical convoys, mobile clinics and ambulances, and comprehensive curative care services. In addition to developing all health units in the targeted centres, establishing new hospitals and providing them with modern medical devices.

Sewage network:

A project to complete a sewage network in villages was completed at a cost of EGP 94.0 million. Work is also underway on a project to improve the environment at a cost of EGP



2.1 million. The project will open up the opportunity to deal with many other drains on the country's map, in addition to being a model for the purification and benefitting from the drain water for various purposes.

The National project for the development of Egyptian villages is an integrated project that aims to improve the quality of life for the citizens of the Egyptian countryside, at an estimated cost of EGP 515 billion. Through this project, comprehensive development for all Egyptian villages should be achieved, by implementing interventions required for infrastructure and utilities, in sectors including roads, transportation, sanitation, drinking water, electricity and public lighting, as well as, development of local units, youth and sports, health and education services, and various social interventions.

Most Prominent Agricultural National Projects 2020-2021

The agricultural sector is witnessing many presidential initiatives that have the aim to promote it and also ease the burdens on farmers.

The initiative to settle the debts of defaulting clients at the Agricultural Bank of Egypt will contribute to advancing agricultural development by returning defaulters to the productive cycle again while allowing them to obtain new loans.

Moreover, recently, the entire debt is being cancelled for the ones whose debts amount to EGP 25 thousand or less, as well as all accumulated interest. They were also deleted from the negative lists of the Central Bank and the Egyptian Credit Inquiry Company, and all cases between them and the bank or sentences were waived. The total beneficiaries included in this segment amount to about 307 thousand people, most of whom are small farmers, and the total original debt cancelled is about EGP 415 million, in addition to the interests, which amount to about EGP 226 million.

Under the initiative, 50% of the debts of defaulting customers whose debts range from EGP 25 thousand to EGP 10 million, whether for individuals and companies, will be cancelled, provided that they pay 50% of the original debt. All interests will also be dropped, and all cases waived. Banks will be allowed to re-deal with the customer on a case-by-case basis. The total beneficiaries included in this segment are about 21 thousand, with a total debt worth about EGP 3.5 billion, in addition to interests of about EGP 2.2 billion.

Egyptian agricultural exports:



One of the achievements of the Egyptian state in increasing the percentage of exports by penetrating global markets, and increasing the demand for Egyptian agricultural exports due to their high quality and the application of good agricultural practices. Indeed, the Ministry of Agriculture succeeds in implementing the directives of the political leadership in increasing agricultural exports and opening new markets for Egyptian agricultural products. The latest agricultural report revealed that the volume of Egyptian agricultural exports increased to more than 4 million tons during the period from January 1, 2020, to September 2, 2020.

Agricultural lands tax:

The president issued a decision to suspend the agricultural lands tax for 3 years to reduce the tax burden on the agricultural sector. The decision primarily targets the simple Egyptian farmer and small farmers and lifts the burden off their shoulders, which confirms the support of the political leadership for the farmer, as he is the backbone of Egyptian food security.

Contractual Agriculture Law:

It was issued to ensure the marketing of crops, and allow the farmer to contract his crop before planting, at a remunerative price and return for cultivation. Marketing crops has been a major problem that has plagued farmers for many years.

Electronic Possession Project:

For the first time during the era of President Abdel Fattah El-Sisi, the electronic agricultural tenure mechanization project was implemented, which is called "the farmer card". It benefits the Egyptian farmer by dealing with a unified number of tenure and linking it to the holder's national identification number, to ensure that state support in production requirements of fertilizers and seeds for its beneficiaries. It is in cooperation with the ministries of planning, finance, military production, communications and information technology. the Ministry of Agriculture revealed that the target is to reach 5.5 million cards, which is the number of holders who have been counted through the system so far, and the ministry is continuing to issue cards.

Infringements on agricultural lands:

At the beginning of 2018, an amendment was approved to some provisions of Law No. 53 of 1966 of the Agriculture Law, to preserve agricultural land. The draft law aims to increase the penalty imposed on the phenomenon of cotton ginning in unauthorized



places and the use of inappropriate tools. It increased to imprisonment for not less than two years and not more than two years, and a fine of not less than ten thousand pounds and not more than fifty thousand pounds. It also considers protecting the agricultural land as a national security issue and aims to increase its penalty to deter and hold violators and trespassers accountable. The draft law also granted the Minister of Agriculture the authority to stop the violating construction works on the administrative road at the expense of the violator. In the event of a violation, the law stipulates that they be punished with a penalty of imprisonment for not less than two years and not more than five years and a fine of not less than one hundred thousand pounds and not more than one million pounds.

The presidential initiative, "Decent Life" for developing villages, aims to improve the standard of living of nearly 55 million Egyptians with investments amounting to EGP 500 billion. It works to achieve comprehensive and sustainable development for the people of Egyptian rural villages in the areas of infrastructure, services, economic development, social protection and support for the most caring families, thus establishing the principle of social justice and equality.

Moreover, natural gas delivery projects are among the state's priorities to improve life in these villages and provide civilized services to their residents.

- Completing the delivery of natural gas to 12.5 million housing units.
- Launching an initiative to deliver gas in instalments for 6 years without interest at EGP 30 per month.
- The target during the current fiscal year is to implement the delivery of about 1.2 million units.
- The plan is implemented at distinct rates of implementation, whether in the conversion to use or the extension of new networks.
- Coordination is made to extend the networks after the completion of the sewage networks in the villages.
- Surveying the number of units with considerations such as infrastructure, the readiness of units and streets.

The results of the follow-up process until the first week of April 2021 indicate that implementation has begun in the 51 targeted centres, representing 100% of the geographical scope, where the actual implementation of 1,136 projects is taking place in 609 villages in the scope of 267 local units, covering about 84% of the total units The targeted locality in the listed centres (317 local units)



Conclusion

The countryside witnessed a huge boom in construction and housing. The development of the Egyptian countryside receives the largest share of the Ministry of Agriculture's attention. This is evident in the Sustainable Agriculture Strategy 2030, given that agriculture is the first and original concern of the rural population.

The state pays unprecedented attention to developing the Egyptian countryside. The dimensions of this development have been included in the Egyptian state's strategy for 2030, according to the competencies of all the concerned ministries.

The government's project aims to develop the Egyptian countryside by setting the executive steps to implement it. The target is to develop more than 4,500 villages, and from 30 to 35 thousand affiliated to them, according to a plan to be completed in 3 years. The state has developed all the required assessments for the amount of work and demands for this work and the resources needed to carry out that work.

President Abdel Fattah El-Sisi stressed that the project to develop the Egyptian countryside needs more than EGP 200 billion, and by a discussion with the government it was said that it needs EGP 150 billion. There are efforts at present to provide an EGP 200 billion budget for the project.

The Agricultural Law, which was recently approved by the House of Representatives, maybe the beginning of correcting the course of the agricultural policy. However, the law alone is not sufficient. Actual and realistic measures are required to make agriculture a profitable profession so that the farmer does not abandon it, or abandon his land and leave it idle. Therefore, contractual farming is very important for the state and the farmer, which is to buy crops before planting them. This is especially true for strategic crops (wheat, cotton, corn and soy) because it is comfortable for the farmer and contributes to reducing imports, providing currency and securing basic commodities as well. After determining the area of rice cultivation, an alternative crop must be provided, such as corn and soy which are the main component of the feed that we import 95% of.

Recommendations

- Supporting the farmer through implementing the president's directives with a social security pension, health insurance, a safety certificate, a legitimate union



that protects his rights, and the development of new varieties that achieve great productivity.

- Supporting the farmer is subsidizing food, i.e., support for the whole people. It is almost the only support that goes to those who deserve it. The developed countries in which agriculture represents only a very small percentage of the national product support their farmers and buy from their production at more than its value. This is because they produce their food that guarantees their independence and freedom of decision.
- Providing warehouses for dry goods and coolers in proportion to the logistic areas, which are implemented by the cooperative sector in partnership with the private sector and the national service sector to activate and update marketing operations.
- Providing conditional support in line with the country's crop map. This is to encourage agricultural gatherings of fragmented areas to implement the agricultural policy in cultivating targeted crops to achieve social stability through cooperatives, and this is followed in most countries of the world.
- Establishing the necessary funds to support the economic activity of cooperatives, such as establishing a market risk insurance fund for crops.
- Establishing a data bank related to the quantities of commodities and expected prices, and creating a database of the most important crops in preparation for marketing them in agreement with some exporters.
- Supporting the farmer by appointing his outstanding sons to important jobs, as some parties still exclude them due to the qualifications of the parents.

References

- Ali, M. H. A. & Ahmed, K. A. A. (2020). Activating the role of Agricultural cooperative societies. *The Egyptian Journal of Agricultural Economics*, vol.13(2). Retrieved from <https://bit.ly/3JdoMr7>
- Central Agency for Public Mobilization and Statistics. Annual bulletin of cooperative activity in the agricultural sector, miscellaneous issues.
- Khalaf, M. M. (2017). A study of the determinants and possibilities for developing agricultural cooperatives in agricultural financing and credit in Egypt: a study of the plan



of the Agricultural Finance and Cooperation Research Department. *Agricultural Economics Research Institute*.

- Gamal, B. (2021). The new delta, a new step for the advancement of the agricultural sector. *The Egyptian Centre for Strategic Studies*. Retrieved from <https://ecss.com.eg/14538/>