Summary

Agricultural industries are a main pillar of any economy, especially those that are rich with agricultural resources. Agricultural industries can make the balance between demand and supply of agricultural crops that they are hard to reach such balance. The balance might be achieved through either processing the surplus of the yield or providing the stock of processed products into the markets. Such operation might help increasing the income of the producers. 

In the case of Egypt, the sector of food processing already has the potential to grow especially with the support from the state and availability of raw materials. However, it still depends on processing only the remaining quantities after consumption of fresh production. The part of production that goes to processing is low quality product. Taking into consideration the high percentage of losses, the final processed product is not sufficient and low quality.

The study aims at identifying the potential of agricultural industrialization in Fayoum governorate. In order to achieve the goal of the study, the researcher will investigate the following: studying the current situation of the industrial, food, and agricultural sectors in Egypt and, in particular, in Fayoum Governorate, determining the economic activities that might help in industrializing the agricultural sector in Fayoum governorate, and developing a proposal for establishing some supporting agricultural processing projects.

The study includes four chapters, the first chapter deals with the conceptual framework and review of literature in two sections. In chapter two, the current situation of the industrial sector at both levels Egypt and Fayoum governorate in two sections. Within section one, it has shown that the average number of industrial facilities nationwide during the period (٧٠٠٢ - ١١٠٢) was about ١٣ thousand facilities. Establishments in Cairo represent about ٪٧,٧٢ of the total number of establishments during the study period while Sinai represents the lowest percentage of establishments.

Section ٢ shows the industrial section in Fayoum. It has shown that the average number of industrial facilities during the period (٧٠٠٢ - ١١٠٢) is ٣٢٢ facilities. The food industry represents the highest percentage of establishments with ٪١٣ out of the total establishments.

The third chapter introduces the available agricultural activities in Fayoum in two sections. Section ١ addresses the agricultural activities in Fayoum and the second addresses the economic activities that could be directed to processing. The linear programming is used to determine the crops to be directed to processing. Two models are introduced in order to show different scenarios for supporting the processing sector.

The fourth chapter is clarifying the potential of agricultural industrialization in Fayoum governorate in two sections. Section ١ introduces the basic background of the financial project evaluation. Section ٢ introduces feasibility studies for potential project. Projects include warehouses, purification, processing and packaging of
medicinal and aromatic herbs, squeezers and extracts of medicinal and aromatic plants, and poultry slaughtering project.

The financial analysis' results for warehouses' projects show the following: the average net return is ١٠٣٢.٥ thousand pounds, the return on investment is ١٢٪, the net income/total revenue ratio is ١٨٪, the revenues/costs ratio is ١.١, the cost benefit ratio is ١.١, the payback period is ٢.٣٩ years, the present value of net cash flow is ١٨٩٤.٣٠ pounds, and IRR is ١٩٪. As for sensitivity analysis, the warehouses are sensitive to higher costs where increasing costs by ٤٪ resulting IRR of only ١١٪.

The results of the financial analysis for purification, processing and packaging of medicinal and aromatic herbs projects show the following indicators; the average net return is ١٠١٠ thousand pounds, the return on investment is ٢٠٪, the net income/total revenue ratio is ١٩٪, the revenues/costs ratio is ١.٤٣, the cost benefit ratio is ١.٤٣, the payback period is ٣.٣٨ years, the present value of net cash flow is ٢٨٤.١١ pounds, and IRR is ٨٨٪. As for sensitivity analysis, the purification, processing and packaging of medicinal and aromatic herbs projects are sensitive to higher costs where increasing costs by ٥٪ resulting IRR of only ٣٧٪.

The results of the financial analysis for squeezers and extracts of medicinal and aromatic plants project show the following indicators; the average net return is ٦٠٨.٤ thousand pounds, the return on investment is ٦٤٪, the net income/total revenue ratio is ٩٣٪, the revenues/costs ratio is ٣٦, the cost benefit ratio is ١٤, the payback period is ٩١.٦ years, the present value of net cash flow is ٦٩٤٢ pounds, and IRR is ١٩٪. As for sensitivity analysis, squeezers and extracts of medicinal and aromatic plants project are sensitive to higher costs where increasing costs by ٥٪ resulting IRR of only ٠٪.

The results of the financial analysis for poultry slaughtering project show the following indicators; the average net return is ٦٢٧.٢ thousand pounds, the return on investment is ٩٢٪, the net income/total revenue ratio is ٢٪, the revenues/costs ratio is ٢٠, the cost benefit ratio is ٢٠, the payback period is ٦٤.٣٤ years, the present value of net cash flow is ٠٧٣٥١ pounds, and IRR is ٧٤٪. As for sensitivity analysis, the poultry slaughtering projects are very sensitive to higher costs or lower revenues.