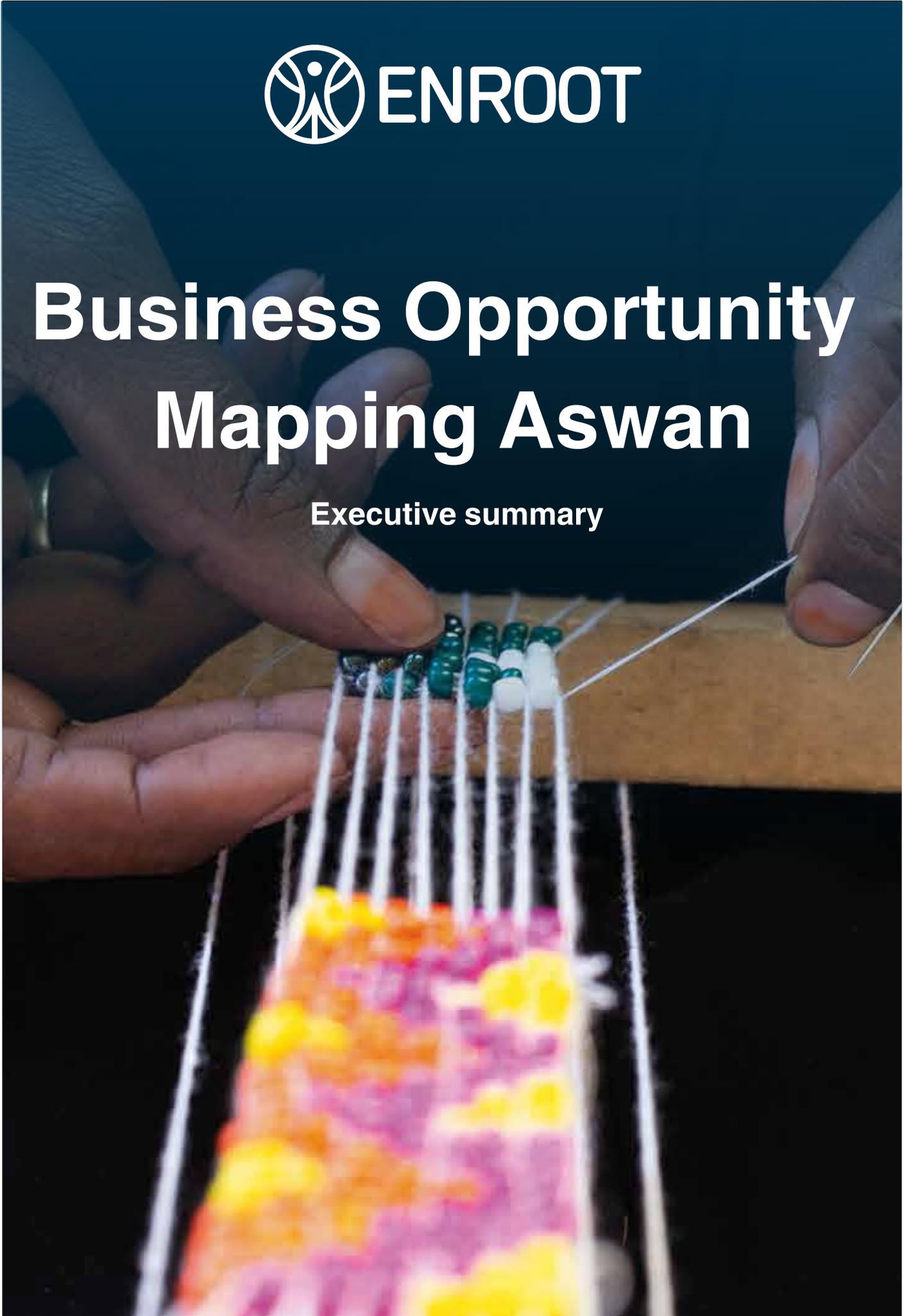




Business Opportunity Mapping Aswan

Executive summary



CONTENTS

Study Background and Purpose	4
Business Opportunity Mapping: Agribusiness Opportunities	5
Business Opportunity Mapping: Agro-waste Opportunities	8
Business Opportunity Mapping: Handicrafts Opportunities	9



ENROOT

Study Background and Purpose

Being one of the largest governorates in Upper Egypt, Aswan is well known for its natural resources, numerous agricultural products, and its position as an attractive tourism destination. This in turn grants Aswan a great potential for economic and social development despite the prevailing challenges reflected in the low gross domestic product, low incomes, and high level of poverty.

Aiming at unraveling Aswan's business opportunities through the identification of gaps within value chains, and the overarching objective of enhancing youth-led economic activities, this report will outline the structures of the agriculture and handicrafts industries along with their sub-sectors, using the **Rapid Market Assessment (RMA) approach**. The sectors selected were determined to be the most suitable through preliminary desk research on the economic context of the governorate, as well as interviews with experts in the region.

The business opportunity mapping, upon which this report is based, is prepared with research-inclusive techniques and a **methodology** that combined both quantitative and qualitative data and analyses. The analysis minimized bias and inferred information by utilizing different sources for data collection. The methodology also considered Enroot's ethical considerations, ensuring all participants were informed in their participation in the study and were aware of the study's objectives and scope. In cases of audio or video recording, respondents' verbal or written consent was obtained.

The study depended on primary qualitative research using in-depth interviews (IDIs) and focus groups (FGDs) with producers, input suppliers, and traders involved across markets of Medicinal & Aromatic Plants, fish production, mango & palm dates, Henna, and handicrafts. Secondary resources were also used where possible, particularly the Central Agency for Public Mobilization and Statistics (CAPMAS) annual bulletins and governorate and sectoral reports, to report on trade figures and governorate profiling purposes.

Through the study's primary research, and according to regional experts' opinions, the agriculture, tourism, and creative sectors—with tourism and the creative sectors being closely interlinked—were determined to be the primary and most engaged with sectors in Aswan; however, as the sectors are characterized by informality, official data is either unavailable or not representative. As such, existent value chains within the prominent agriculture and tourism sectors were selected then assessed through a RMA approach to identify current gaps and opportunities, which could later be translated into business and self-employment opportunities across the value chain stages. Note that as the tourism sector has been greatly affected by the COVID pandemic on a global level, the sector was not considered in this analysis.

Business Opportunity Mapping

Agribusiness Opportunities

▪ MAPs Business Opportunities

Aswan contributes 5 percent to the total national production of MAPs. Cultivation of MAPs in Aswan occupies around 10,874 feddan which is 10 percent of the total MAPs cultivated area. Aswan exports most of the national production of MAPs with a great share of produce being exported to the USA, followed by Germany and Algeria. This is due to the product's competitiveness as Aswan's MAPs are organic and of high quality. MAPs in Aswan also have a higher percentage of natural oils compared to that of crops cultivated in other Upper Egyptian governorates. In addition, MAPs represent a prominent subsector as their cultivation requires few but skilled labor, requires no pesticides, and it is not a major water consumer, making it a sustainable crop.

MAPs' cultivation is concentrated in the areas of Wady El Nuqra, Wadi Al Saiida, and the village of Garf Hussein. These areas mostly cultivate basil, mint, and hibiscus. **Hibiscus** is not only the most exported of the medicinal and aromatic plants, which Aswan represents the main contributor to all national exports of hibiscus but also market data shows positive trends in exports of hibiscus with a remarkable increase over the past four years, especially to the USA. **Basil** exports have significantly declined in the past 3 years; however, there is an increase in basil exports to France and Brazil, which demonstrates the high potential for basil in both markets. As for **mint**, exports of the crop are increasing in Brazil, Jordan, the UK, and Argentina.

Despite the high demand for basil and mint explained by the ability of producers to meet high quality required by buyers, supply is insufficient to cover all demand and therefore, **opportunity remains with increasing their production**. Production can be enhanced through addressing the following challenges: inadequate supply, mal-agricultural practices, shortage of skilled labor, and, most importantly, absence of good quality **drying floors needed for the post-harvesting phase**. While these represent common challenges across the agriculture sector, specific business opportunities exist in addressing the value chain gap in the lack of proper drying floors, which is a phase critical to the export of MAPs; therefore, business opportunities include:

- Establishing collection and post-harvest hubs to which crops are transferred for drying and sieving.
- Establishing drying, packaging, and processing facilities in accordance with export quality and hygiene standards and requirements.
- The sale of automated peeling machines for hibiscus to cut labor costs and meet demand.

Additionally, several development interventions can be pursued to facilitate and enhance business opportunities across the MAPs value chains. The interventions include promoting good agricultural practices to enhance productivity, **providing capacity-building interventions that can enhance labor skills and productivity.**

Additionally, and on a macro-level, establishment of agro-industrial zones wherein post-harvest and processing facilities can be established can highly develop the MAPs value chain and accelerate its ability to capture current global demand

▪ **Henna Business Opportunities**

Aswan's production of Henna represents %99 of the total national production, and %40 of its production is exported (mainly to the Gulf countries, Algeria, Palestine, and Libya). The concentration of the finest henna varieties is in Edfu and is rather characterized as a "stable" crop, with relatively a low cost of production to farmers where one feddan can produce Three-four tons a year. Data analysis showed high demand for the product, however, some challenges halted back potential to growth including:

- Methods used for grinding henna are primitive, making the final product inadequate for manufacturers use (some factories regrind henna after purchasing it, adding costs and time to the production process), and thus demand decreased
- Farmers' limited access to the national and global market, limiting its ability to expand and meet global requirements including packaging.

Accordingly, a business opportunity remains within providing new and **improved henna grinding mills for local henna traders to match demand. Additionally, there is potential in the sale of cost-saving and quality-improving re-usable packaging.**

From a development intervention perspective, encouraging the utilization of desert lands to cultivate henna, can have its return on productivity and supply increasing its competitiveness in the export market.

▪ **Mango Business Opportunities**

Aswan contributes by %7.45 to Egypt's total production of Mango with the competitive edge of being the first governorate that produces Mango in the season given its dry hot weather gives. However, and due to Aswan's distant location from central governorates and ports, it has almost no potential in accessing new markets except for capitalizing on its seasonality to fill the market in off-seasons through **packing and packaging factories** to help access northern governorates. In addition, **manufacturing companies of juices and juice concentrates** can represent an opportunity that builds on Aswan's supply of Mango

▪ Palm Dates Business Opportunities

Aswan contributes 7 percent to the total national production of palm dates. Providing more than 27 different types of palm dates and is specialized in dry cultivars. Dry dates are exported to Arab Islamic countries, and their export rate is between 5-3 percent of the total export rate for Egyptian dates. Aswan's production is dominated by dry dates which have limited seasonality (during the month of Ramadan) and limited value chain activities that can enhance its potential.

The main challenges facing the production process of palm dates in Aswan include very weak demand for dry dates despite being cheaper than half dry dates. Also, demand for dry dates is seasonal, being at its highest during the month of Ramadan. Most importantly, outdated drying and storage methods and preservation issues constitute a major challenge in producing dates.

Business potential lies in the capitalization on the high demand on dates—especially the Pertamonda and Abyadat (white Shami) varieties—during the months of Ragab, Shaaban, and Ramadan, as well as in **Establishing processing facilities for dates where dates are sorted, graded, preserved, cooled, and packaged to expand its market.**

▪ Fisheries Business Opportunities

Lake Nasser in Aswan is known for producing high-quality fish unlike other sources of fish farms in Egypt, characterizing Lake Nasser fish as very high quality and known for exporting “Tilapia” to UAE and Kuwait. Unfortunately, around %40 of Lake Nasser's production is wasted, and the quality of the remaining harvest is undermined, due to fishing and post-fishing malpractices. Fishing mal practices include including primitive fishing techniques resulting in reducing the reproduction of fish and in the post-fishing phase, fishers depend only on selling fresh fish in the local area with limited ability to access other markets due to:

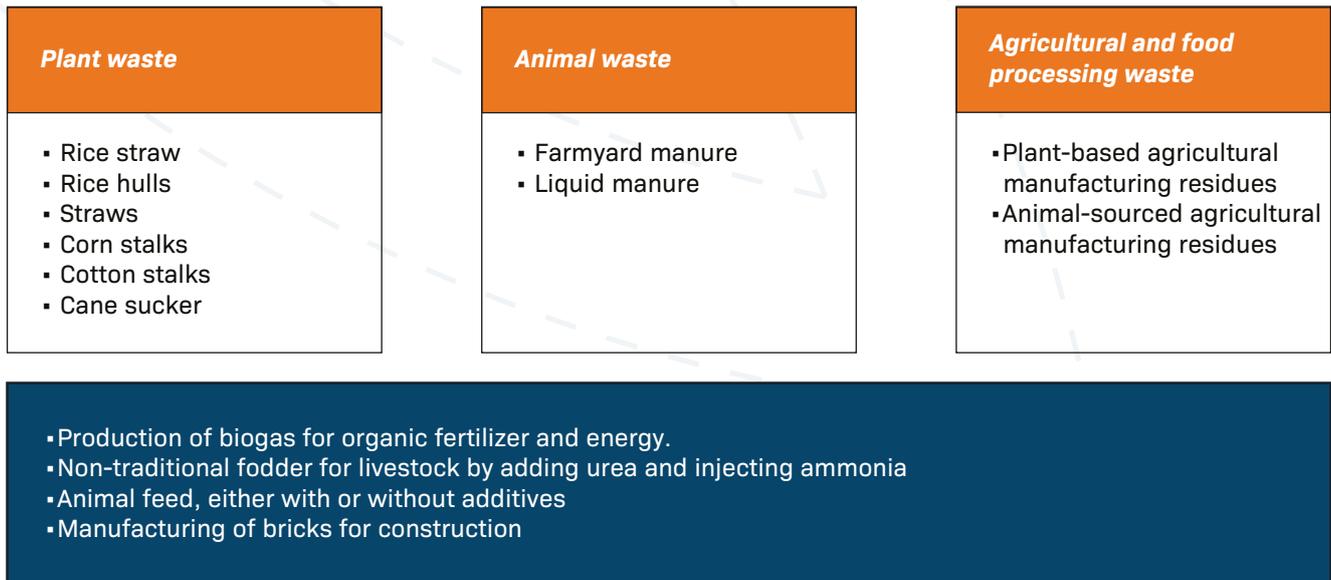
- Absence of ice factories
- Lack of fish factories that can apply proper freezing and packaging
- Lack of cold chain limiting transportation to other markets at higher prices.

Based on the challenges, several business opportunities can be shown:

- Fish processing facilities to undertake deboning, de-cutting, bleeding control, and packaging of fish while utilizing best practices and abiding by sanitation, hygiene, and quality standards. Processing facilities can also add value by drying, smoking, and salting to other types of fish produced from the lake.
- Establishing ice factories in Aswan for better preservation of fresh and saline fish.

It is important to note that there are existing small processing facilities working on salting fish, however, suffer from unsanitary manufacturing conditions, and thus can represent an area of development intervention while tackling product development.

Agro-waste Opportunities



In 2018/2017, Egypt produced approximately 163 thousand Hempl of waste (straws, thrones, firewood, and hay), with Aswan contributing with 1.18 percent. Despite a large amount of waste, the agro-waste industry is largely underutilized and new. Agricultural and animal waste are by-products of the agricultural production system which have the potential for value addition through their conversion to organic fertilizers, fodder, clean energy, or manufacturing inputs. The table below illustrates viable waste by-products and their possible uses.

Through the utilization of agro-waste, further value can be added to some of the aforementioned agricultural value chains. For example, **waste for fish processing can be used for biodiesel production; and date waste can be incorporated into compost, while palm trunks can be recycled into building materials, as well as wicker chairs, tables, and other furniture pieces.**

That said, current laws and regulations governing the industrial sector in Egypt prohibit individuals and private businesses to sell and transport biofuel, and legal procedures to issue permits for factories are lengthy, costly, and deeply perturbed industries in the region. Accordingly, the main suggested business opportunities and development interventions are to **initiate agro-waste processing, while advocating for the policies to facilitate such production, initiate the processing of agricultural waste into compost and animal feed, and to produce units to produce ethyl and methyl alcohol and yeast in proximate areas to cultivated areas** while accounting for the needed policy-level interventions to stimulate the business environment to be suitable for such businesses to emerge.

Handicrafts Opportunities

▪ Jewelry Business Opportunities

Copper jewelry is largely concentrated in Heisa, where copper is widely available. Currently, the artisans—around 70 women—depend on sporadic and dwindled tourism to sell their work. Tourists are the most favorable customers, followed by Egyptians in Cairo and Alexandria, as the craftswomen can set a suitable and fair profit margin. Additionally, even though the handmade quality of the jewelry gives it a competitive edge, the artisans' jewelry-making techniques are rudimentary and their ability to market their products is low. As such, talents aren't capitalized on and value-adding activities can be added to increase product value and market outreach. Therefore, there remain business opportunities if women were to develop designs that meet a market need and employ appropriate marketing techniques to utilize the competitiveness of being handmade and have a story behind to tell representing a branding opportunity.

▪ Handmade Carpets Business Opportunities

Handmade carpets aren't exploited in Aswan, although the trade exists in minuscule amounts in West Aswan. Given that handmade products and Nubian designs, especially carpets, are generally in high demand outside of Aswan and by foreign customers, there's potential for the sector to be profitable if more Nubian designs are incorporated into carpet making. Business and self-employment opportunities in carpet making are especially ripe as the sector is new in Aswan and competition is low. With the downturn of tourism, sales have been declining. Therefore, accessing new markets especially foreign markets represent a new opportunity for Nubian handmade carpets.

▪ Homemade Nubian Food and Beauty Products Business Opportunities

Aswan offers a variety of spices, flavors, dishes, and preparation techniques unique to the region. Locals also use local products that are usually organically farmed and raised, often on their private premises. The locals' food is often sold in Aswan and the surrounding area. Aswan's natives also make their fragrances and beauty products using imported materials. Among the most sold products are incense, Delka, Qamra, and Musk, depending on street buyers limiting access to other potential markets. As such, development activities can intervene in increasing exposure through marketing and social media. Business opportunities in general lie within the creation of eco-lodges with a Nubian identity which can by time promote Nubian cuisine and products.

The following table underlines the available business opportunities available within the sectors, while also noting relevant and enabling development and policy interventions.

<i>Sub-sector</i>	<i>Business Opportunity</i>	<i>Development Intervention</i>	<i>Policy Intervention</i>
Agri-business			
MAPs	<ul style="list-style-type: none"> - Collection and post-harvest hubs - Drying, packaging, and processing facilities - The sale of automated hibiscus peeling machines 	<ul style="list-style-type: none"> - Promoting good agricultural practices to increase productivity 	<ul style="list-style-type: none"> - Facilitating the establishment of agro-industrial zones
Henna	<ul style="list-style-type: none"> - Establishing new and improved henna grinding mills - The sale of cost-saving and quality-improving re-usable packaging 	<ul style="list-style-type: none"> - The utilization of desert lands to cultivate henna 	
Mango	<ul style="list-style-type: none"> - Juice and juice concentrates factory - packing and packaging facility 		
Palm dates	<ul style="list-style-type: none"> - Establishing processing facilities for dates where dates are sorted, graded, preserved, cooled, and packaged. 		
Fisheries	<ul style="list-style-type: none"> - Fish processing facilities to undertake deboning, de-cutting, bleeding control, and packaging of fish and other processes for other types of fish - Establishing ice factories in Aswan for better preservation of fresh and saline fish 	<ul style="list-style-type: none"> Enhance manufacturing conditions of existing salting fish facilities and work in product development to access new markets and capitalize on the demand for high-quality fish of Lake Nasser 	
Agro-waste			
	<ul style="list-style-type: none"> - The processing of agricultural waste into compost, biogas, organic fertilizer, and livestock fodder, animal feed, and manufacturing and construction inputs 		

<i>Sub-sector</i>	<i>Business Opportunity</i>	<i>Development Intervention</i>	<i>Policy Intervention</i>
Handicrafts			
<i>Jewelry</i>	<ul style="list-style-type: none"> - Marketing and branding of handmade Nubian Jewelry - Existing or new jewelry companies capitalizing on local talent, and adding to and improving designs - Establishing new and improved henna grinding mills - The sale of cost-saving and quality-improving re-usable packaging 	<ul style="list-style-type: none"> - Branding of Nubian jewelry as culturally unique and significant - Training of craftswomen to improve jewelry making techniques - Establishing market connections - Conducting market research to determine the nature of demand for Nubian designs and products 	
<i>Handmade carpets</i>	<ul style="list-style-type: none"> - The making on handmade carpets with Nubian designs - Exporting Nubian handmade carpets 	<ul style="list-style-type: none"> - Training of artisans in the making of high carpets and designs 	
<i>Homemade Nubian food and beauty products</i>	<ul style="list-style-type: none"> - The creation of eco-lodges with a Nubian identity wherein Nubian cuisine and products can be prominent 	<ul style="list-style-type: none"> - The marketing of Nubian food and beauty products 	



ENROOT

**Business Opportunity
Mapping Aswan**

Executive Summary

Address.: 7299 street 83,
Mokattam, Cairo, Egypt.

Tel.: +20 250 89 462

Fax: +20 250 89 462

 www.enroot.org

 info@enroot.org