

Egypt's agri-food sector is a cornerstone of its national strategy, foundational to food security, economic stability, and social cohesion. This report provides a comprehensive analysis of these pressures, focusing on their direct and indirect implications for small and medium-sized agricultural enterprises (SMEs), which form the backbone of the rural economy. Environmentally and demographically, the sector is under siege from rapid population growth, which fuels urban encroachment on fertile land, and the devastating impacts of climate change, including rising temperatures and sea levels. This hydro-political crisis is compounded by regional instability, particularly the civil war in Sudan, which simultaneously disrupts regional food supply chains and generates a large influx of refugees, thereby increasing domestic food demand. The report concludes with actionable recommendations focused on water resource diplomacy, fiscal reform, and strategic investment in climate-resilient technologies to ensure the sector's long-term sustainability. These factors strain government finances, forcing a reevaluation of traditional subsidy programs and imposing a heavy burden on agri-SMEs through the rising cost of imported inputs. Academic studies project potential reductions in Egypt's water share, which could lead to substantial losses in agricultural land and significant declines in economic output and employment.