

Egyptian Food Observatory

Food Monitoring and Evaluation System

Issue (3) – November 2011





Introduction

Food problem tops the list of issues facing most countries- specially developing ones. Successive food crises, motivated concerned parties to examine causes of such crises & establish systems which help forecast any future crises to evade or mitigate its occurrence. Therefore, an interest grew for establishing the Egyptian Food Observatory which provides tools for monitoring & evaluating the situation of a set of agricultural crops & main food commodities essential to the Egyptian citizen. In addition, the Observatory develops early warning tools which predict future food crises whether it is triggered locally or consequent to global situation. The series of Observatory bulletins aim at:

1. Monitoring & following up the current situation through tracking the consumption pattern of the vulnerable households, market prices of the agricultural crops as well as commodities in the selected food basket.
2. Monitoring & following up local crises through tracking consumption, production, & market prices of the agricultural crops as well as commodities in the selected food basket.
3. Identifying the status of food security with special focus on the poor & most vulnerable groups to poverty risk. In addition, it connects the different dimensions of food security to production, consumption & prices through the proposed Observatory system.

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Executive Summary

- Total cost of the main goods basket during November 2011 amounted to L.E. 483.7.
- Around half of the vulnerable households (52.0%) depend on other sources of income beside their current job, mainly assistances & philanthropic aid. The monthly income of 76.5% of the vulnerable households does not cover their monthly needs.
- The vulnerable households resort to borrowing as primary means for covering their monthly needs, & assistances serve as the determinant element for securing food requirements.
- More than two thirds of the vulnerable households realized the price increase of; fruits & tomatoes, and about half of the vulnerable households realized price increase of vegetables, eggs, milk, & cheese.
- Around 6.3% Around 23.3% of the vulnerable households do not have a ration card.
- of the vulnerable households do not consume subsidized Baladi bread.

A simple calculation



4 Family Members

to consume 3 meals that consist of lentils & subsidized baladi bread (1 kg of lentils per day + 2 baladi bread loaves per meal)

They will need:

L.E. 246 per month

Summary of the 3rd Round Methodology

The bulletin is concerned with monitoring the cost of buying a basket of main food commodities based on the main measuring unit (kilo/liter/box), and variation of prices of such commodities between urban and rural areas. Additionally, it includes indicators of evaluating the status of vulnerable households in terms of: total expenditure, sufficiency of their income, consumption rate of such commodities, perception of price change of commodities in question, and the approaches for coping with the price hikes. The bulletin uses data derived from several sources including: commodities prices data in the urban areas collected by the Field Monitoring Network affiliated with the Information and Decision Support Center, commodities prices data in the rural areas collected through surveying rural markets in the villages of the selected governorates as part of the current round, survey data on assessing the status of the vulnerable households that had been conducted in the 3rd week of November on a sample of the vulnerable Egyptian households (total of 540 households /54 from each governorate) distributed among governorates representing main regions as shown on the geographic information system (GIS).

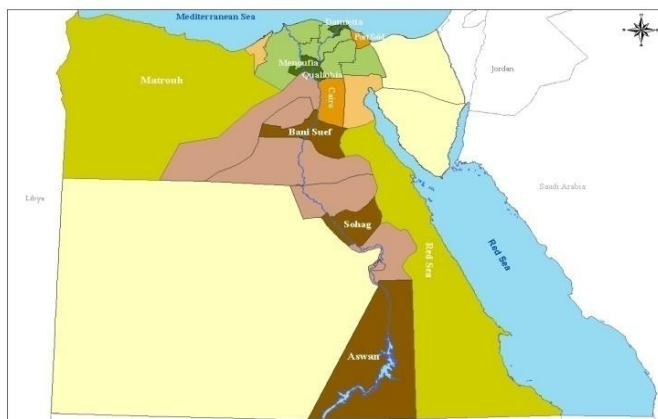
Please Pay Attention to Relations with the Nile Basin Countries



Great millennium bridge on the Nile river in Ethiopia

Required Actions:

- ★ To accelerate the Egyptian investments in agriculture & livestock in Nile Basin countries, in order to find a way out for supporting the supply side of food commodities. Consequently this will lead to regulating prices in the markets, in addition to promoting bilateral relations with those countries.
- ★ To examine and identify sound alternatives (in terms of price & quality of the product) for the importing of goods that face shortage in the Egyptian market, with the importance of having more than one alternative per commodity.
- ★ To have the technical & research bodies affiliated with the Ministry of Agriculture and Lands Cultivation reconsider all seeds items in the market in order to ensure the effectiveness of their productivity. In addition, they should work through the Center of Agricultural Research to generate strains of seeds that have high productivity & quality characteristics which concurrently suitable to the taste of the Egyptian consumer.



- Frontier Governorates
- Lower Egypt governorates
- Upper Egypt governorates
- Urban governorates
- Targeted Frontier Governorates
- Targeted Lower Egypt governorates
- Targeted Upper Egypt governorates
- Targeted Urban governorates

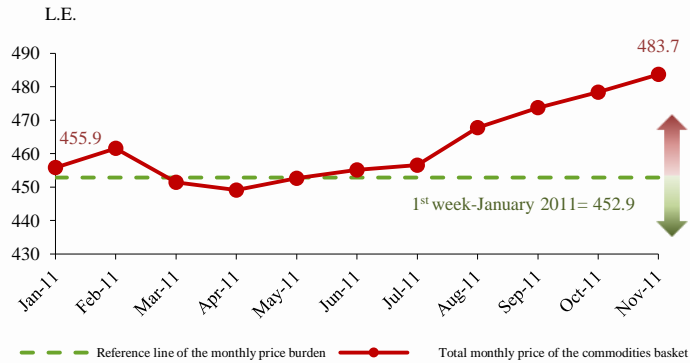
Price Indices of Food Commodities

1.1

Indicator of the Monthly Price Burden

- By calculating the monthly price burden which represents the main measuring unit of the selected commodities basket, it shows an increase in prices of the last four months (August - November), compared to the preceding four months (April - July).
- Prices increase rate in November compared to July was 5.9%, and price increase rate in November compared to the prices in the first week of January-2011 was 6.8%, which represents an increase in the nominal prices by L.E. 30.8 per basket. Accordingly, the monthly price burden reached its highest level during the current year in November.
- As for the monthly increase, the rate of price increase in November compared to October came to 1.1%, which was slightly more than the October increase, which came to about 1.0%. This indicates the continuity of price increase.
- Urban governorates still witness the major share of such price increase (since June), with a notable price increase in those governorates in November compared to October, while Lower Egypt recorded semi stability in prices in November.
- Reviewing macro economic indicators of the prices shows that the overall rate of inflation re-increased in November, coupled with a tiny increase in the Price Index of food and beverages.

Figure (1)
Indicator of the monthly price burden¹

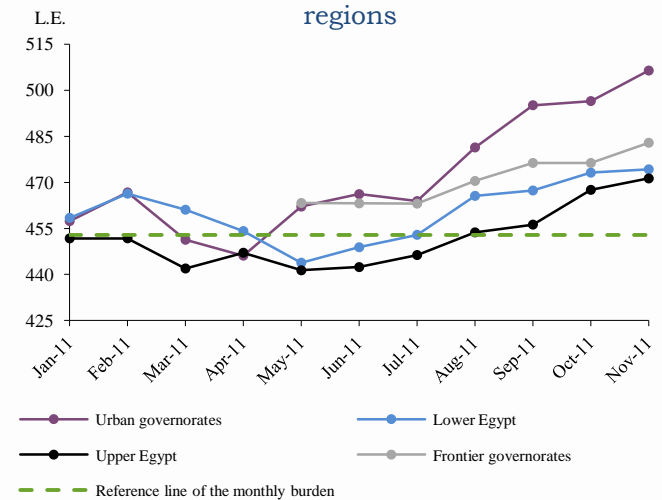


¹ Reference line of the monthly burden has been updated upon the completeness of prices data in different governorates.

Source: Field Monitoring Network, Cabinet-Information and Decision Support Center.

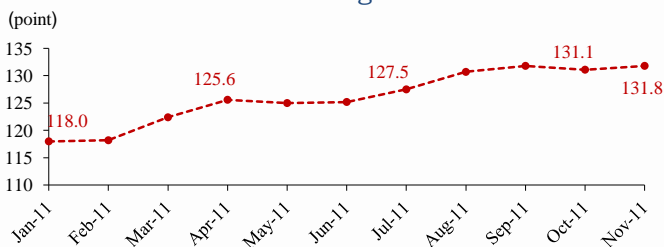
Figure (2)

Indicator of the monthly price burden by different regions



Source: Field Monitoring Network, Cabinet's Information and Decision Support Center.

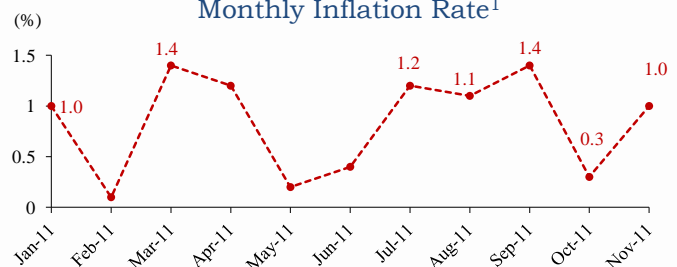
Figure (3)
Food and Beverages Price Index¹



¹Reference month (January 2010=100 points).

Source: Central Agency for Public Mobilization and Statistics, CAPMAS.

Figure (4)
Monthly Inflation Rate¹



¹Reference month (January 2010=100%).

Source: Central Agency for Public Mobilization and Statistics, CAPMAS.



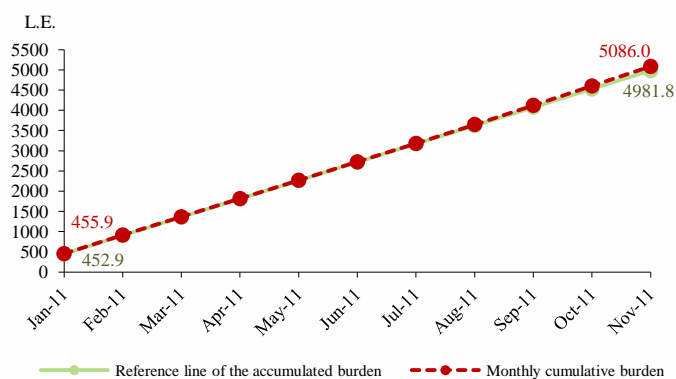
1.2 Indicator of the Accumulated Price Burden

- ⊙ This paragraph reviews total expenses incurred by the Egyptian household for purchasing the basket once a month during the measuring period of 11 months.
- ⊙ Indicator results show that total cost of the measured food commodities basket during the first 11 months of 2011 have amounted to L.E. 5086.0.
- ⊙ By comparing the cost of such basket during the 11 months with the cost in case it is fixed at the level of the first week of Januray-2011, it shows that total cost difference amounted to L.E. 104.2, costing the household an average of L.E. 9.5 each time purchase this basket.

1.3 Average Commodity Prices in the Regions

- ⊙ Shifting from the holistic view to the micro-level reveals an increase in most commodities in question during November. Although this rise began to take a slowing trend.
- ⊙ Price increase in Lower Egypt were less severe compared with other regions, where the smallest set of increases has appeared.
- ⊙ Urban governorates have witnessed price increase of a number of commodities, however, they were less severe compared to October.
- ⊙ As for commodities, price of potatoes, rice and Eggplants (except For Frontier governorates) have witnessed a notable decrease in all regions.
- ⊙ Onions Prices (except Frontier governorates and Lower Egypt) have witnessed a notable decrease compared to previous month.
- ⊙ Sugar price rose in urban governorates, nevertheless, it remained unchanged in Lower Egypt and decreased in Upper Egypt contrary to October.

Figure (5)
Indicator of the accumulated price burden



Source: Field Monitoring Network, Cabinet's Information and Decision Support Center.

Table (1)
Average prices of November-2011 and change rate compared to October prices of some food commodities

Goods	EGP/ Kg (%)			
	Urban	Lower	Upper	Frontier
Beef	64.1 (1.5) ↑	60.5 (1.0) ↑	55.0 (3.0) ↑	60.0 (0.0) ▬
Poultry ¹	15.6 (1.9) ↑	15.5 (0.1) ↑	16.6 (-0.3) ↓	17.6 (0.3) ↑
Tilapia fish	13.1 (-3.1) ↓	10.6 (1.1) ↑	13.8 (-0.5) ↓	13.8 (0.7) ↑
Eggplants	2.5 (-4.0) ↓	2.0 (-1.7) ↓	2.1 (-5.5) ↓	3.3 (5.4) ↑
Potatoes	3.3 (-3.6) ↓	3.1 (-8.8) ↓	3.1 (-7.8) ↓	3.4 (-3.2) ↓
Onions	2.8 (-0.9) ↓	2.4 (5.3) ↑	2.7 (-2.6) ↓	3.6 (0.5) ↑
Tomatoes	2.9 (0.9) ↑	3.3 (17.6) ↑	3.3 (18.8) ↑	4.0 (16.5) ↑
Fava beans ²	7.8 (0.3) ↑	7.8 (-0.4) ↓	8.1 (0.1) ↑	8.7 (1.8) ↑
Yellow lentils ³	11.4 (4.4) ↑	10.7 (1.8) ↑	9.3 (-0.7) ↓	8.1 (-11.4) ↓
Flour ³	4.9 (1.7) ↑	4.5 (-3.2) ↓	4.0 (2.3) ↑	4.2 (-1.4) ↓
Rice ⁴	4.9 (-7.8) ↓	4.2 (-5.1) ↓	4.6 (-3.2) ↓	5.3 (-3.8) ↓
Macaroni ⁵	5.6 (1.7) ↑	4.8 (-2.1) ↓	4.6 (1.8) ↑	4.1 (18.9) ↑
sugar ⁶	6.5 (0.8) ↑	6.2 (0.0) ▬	6.1 (-0.3) ↓	6.3 (1.3) ↑
Corn oil ⁷	14.2 (0.8) ↑	13.7 (-1.1) ↓	13.8 (0.6) ↑	14.1 (0.4) ↑

¹ Poultry prices are defined as average local, and white live and frozen poultry.
² Unpacked bean ³ Packed ⁴ Include packed and bulk
⁵ Ordinary Packed ⁶ Packed by private sector ⁷ L.E./ liter

Source: Field Monitoring Network, Cabinet-Information and Decision Support Center.



1.3

Average Commodity Prices in the Regions (cont')

- Prices of Fava beans (in all regions except Lower Egypt) started to increase again in November, after a declining trend that was achieved in October compared to September.
- Prices of yellow lentil in Lower Egypt, and flour in Upper Egypt continue to increase, raising a very important question, “why particularly in these regions?”
- Tomato and beef prices continued to rise notably, however, the percentage of increases in beef price started taking a slowing trend.

1.4

Price Variation Between Urban and Rural Areas

Comparing prices of food commodities monitored between urban and rural areas in the 3rd week of November-2011 in a number of Egyptian governorates where prices in urban and rural areas had been monitored (Damietta, Menofya, Aswan and Red Sea), a number of observations were noticed involving many inquiries related to the role of whole sale dealers & retailers in creating unjustified variations in commodities prices within the same governorate:

- Fava beans per kg price is higher in Damietta, Aswan & Red Sea rural areas than urban areas by L.E. 4.0, L.E. 2.5 & L.E. 2.1, respectively. While the price is higher in urban compared to rural areas of Menofya by L.E. 4.0 per kg.
- Price of yellow lentils is higher in Menofya & Damietta urban than rural areas by L.E 4.0, & L.E 3.3 per kg, respectively, whereas its price is higher in Red Sea rural compared to urban areas by L.E 2.2 per kg.

- Price of black lentils is higher in Menofya & Damietta urban than rural areas by L.E 6.8, & L.E 3.3 per kg, respectively.
- Average price of rice is higher in Red Sea urban compared to rural areas by L.E 1.8 per kg.
- The price of a kg of macaroni is higher in Damietta urban compared to rural areas by L.E 2.0.
- The price of kg of poultry is higher in urban compared to rural areas in all monitored governorates by L.E. 1.7 to L.E. 3.0 per kg, on average.
- Tilapia fish price is higher in Aswan urban compared to rural areas by L.E. 3.0 per kg, whereas its price is higher in rural compared to urban areas in Damietta, Menofya & Red Sea by L.E 4.0, L.E. 2.3 & L.E. 2.3 per kg, respectively.
- Catfish price is higher in Aswan & Damietta urban compared to rural areas by L.E. 5.0, & L.E. 4.0 per kg, respectively.
- Beef prices notably vary between urban & rural areas specially in Aswan, & Menofya, where the price is higher in rural than urban areas by L.E. 17.0, L.E. 5.3, per kg, respectively.



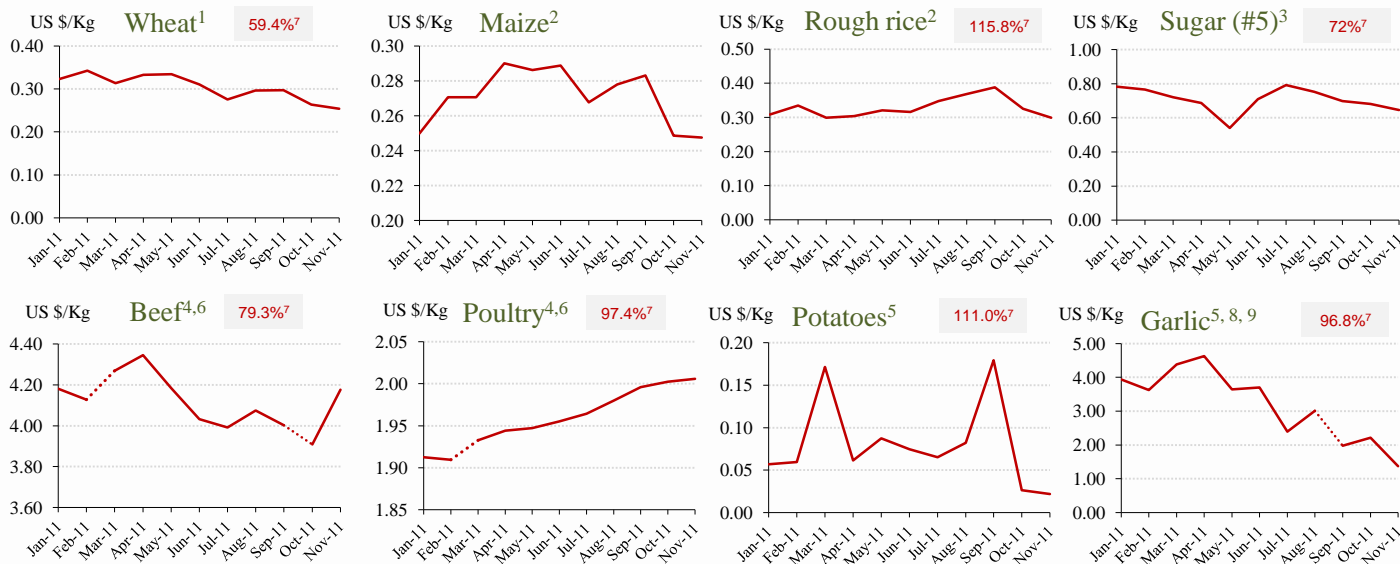
2.1

Global Prices of Selected Food Commodities

Reviewing global prices that have a direct impact on the Egyptian market either through imports or due to the alignment of local prices to global prices has revealed price increase of beef, after scoring a decrease in previous two months.

Poultry prices has continued its increase in November. While prices of wheat, maize, potatoes continued to decrease since September.

Figure (6)
Global price developments of selected food commodities



¹ Source: Stock Exchange of Kansas City Council of Commerce.
² Source: Stock Exchange of Chicago Council of Commerce.
³ Source: New York Stock Exchange.
⁴ Source: International Monetary Fund, <http://www.imf.org>.
⁵ Source: U.S.A Department of Agriculture, <http://www.ams.usda.gov>.

⁶ Values of March, and the first and third weeks of October had been estimated using moving average because they are unavailable in the source.
⁷ Source: Ministry of Agriculture and Land Reclamation.
⁸ Values of September had been estimated using moving average mediums because they are unavailable in the source.
⁹ Prices of the first week of November.

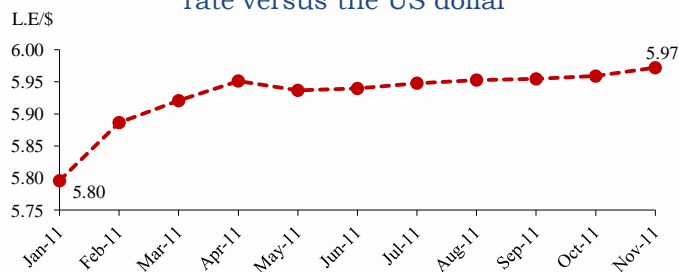
2.2

Exchange Rate of the Egyptian Pound Versus the US Dollar

In addition to the aforementioned concerns regarding price increase of some commodities in the global market, the trend of Egyptian Pound exchange rate versus the US dollar appears to increase successively, a matter that adds price burden by the Egyptian imports and consequently on the Egyptian citizen.

The Egyptian Pound exchange rate versus the US dollar has increased by 3.0% during the past 11 months.

Figure (7)
Development of the Egyptian Pound's exchange rate versus the US dollar



Source: The Central Bank of Egypt



Section **Three**

Assessment Indicators of the Vulnerable Households

3.1 Demographic Characteristics of the Surveyed Households

★ Proportion of the poor during 2008/2009 varied clearly between the different regions of Egypt, recording 6.9%, 11.1% & 14.2% in urban governorates, frontier governorates & Lower Egypt, respectively, while increased to about 36.9% in Upper Egypt.

Source: Egypt Human Development Report, 2010.

★ Total sample size is 540 households (2368 persons) equally divided over 10 governorates.

★ Female headed households constitute 23.1% of total sampled households.

- Two third of the sample (64%) are in the age of 30 years or less.
- Around 28.8% of the total sample (6+ years old) are not enrolled in education, enrollment rates increase concurrently with the young age. This indicates an improved awareness of the vulnerable households regarding importance of education.
- Around 30.0% of the total sample (6+ years old) who were enrolled in schools had dropped out from basic education (before preparatory). It was notable that the older the group the high the drop out rates. In this regard, drop out rates scored 1.7% among the age group (6-10) compared with 18.2% in the age group (11-20) years and in the age group (41-50) years which amounted to 61.8%.
- Around 35.9% of total heads of households are unemployed.
- While 9.4% work as sellers, 10.9% work as janitors, office boys, carriers, or building workers.
- Around 11.2% of female household' heads works as sellers, whereas 9.2% of male household' heads work as drivers.

Table (2)
Break down of the sample, enrollment and drop out rates by age groups (%)

Age Groups	Age Distribution	Enrollment Rate ¹	Drop out Rate ²
-10	23.4	93.1	1.7
(11-20)	23.9	89.4	18.2
(21-30)	16.7	71.9	25.4
(31-40)	10.9	70.9	44.3
(41-50)	10.1	54.6	61.8
(51-60)	7.9	43.9	80.5
(61-70)	4.2	37.4	83.8
71+	2.9	20.3	92.9
Total	100	71.2	30.0

¹Enrollment rates had been calculated for individuals who are 6+.

²Drop out rates had been calculated for individuals who are 6+ and stopped education whereby did not complete preparatory schooling.

Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, November 2011.

Table (3)
Proportional break down of heads of households by employment and gender (%)

Age group	Male	Female	Total
Unemployed	21.2	84.8	35.9
seller	8.9	11.2	9.4
Driver ¹	9.2	0.0	7.0
Janitor or office boy	6.5	1.6	5.4
Farmer (not holding property)	6.0	0.8	4.8
Carrier	4.6	0.0	3.5
Fisherman	4.6	0.0	3.5
Painting worker	2.9	0.0	2.2
Construction worker	2.7	0.0	2.0
Carriage driver	0.2	0.0	0.2
Other	33.3	1.6	25.9
Total	100	100	100

¹Includes truck, Microbus, private car, & taxi.

Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, November 2011.



3.2 Income and Expenditure

3.2.1 Expenditure

✦ Average monthly expenditure of the vulnerable households amounted to L.E. 695.2 reflecting a per capita daily expenditure of around L.E. 5.7.

3.2.2 Sources of Income & Its Sufficiency

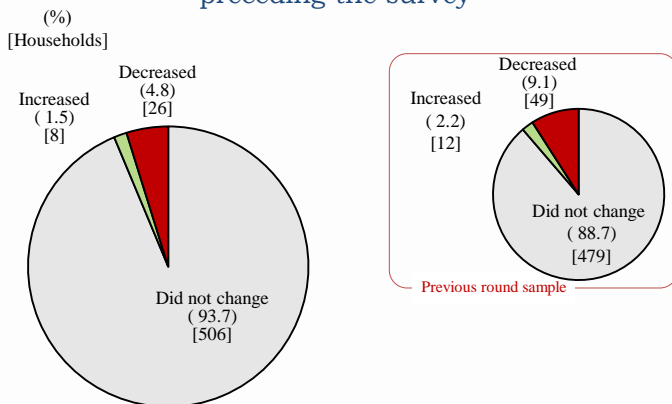
- Compared to the month prior to the survey, 93.7% of the households reported that their income remained unchanged whereas 4.8% reported a decrease in their income.
- This result explains that many of the sampled households experienced a growing sense of price hike.

✦ Around 52.0% of the sampled households reported that they have additional source of income apart from their main job.

- Retirement/insurance pension constituted 26.3% of the additional sources of income.
- Charitable assistance constituted more than one third of the additional sources of income; 15.1% philanthropy community assistance & 20.6% family assistance.
- This result, which is consistent with the results of the previous two rounds, highlights the importance of formal or civil philanthropy work in supporting the social solidarity network which secures what the government does not provide to poor households in Egypt.

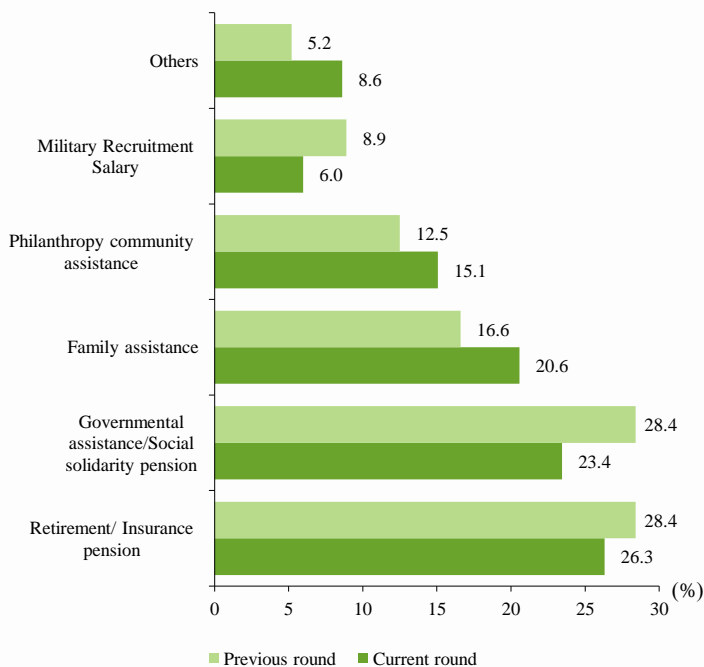
✦ Results revealed an increased percentage of recipients of charitable assistance from the family as an additional source of income in the following governorates: Matrouh (33.3%), Cairo (29.4%), & Menofya (27.6%), whereas, Red sea experienced low percentage amounting to 8.9%.

Figure (8)
 Proportional break down of households according to income change compared to the month preceding the survey



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, October, November 2011.

Figure (9)
 Proportional break down of the sources of households' additional income apart from the main job



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, October, November 2011.

✦ Percentage of recipients of retirement/ insurance pension is highest in Port Said (41.2%) and lowest in Menofya (17.2%).



- Percentage of vulnerable households who reported that their monthly income is insufficient for meeting their monthly needs decreased from 85.0% in October to 76.5% in November.

Percentage of households whose income is insufficient for meeting their monthly needs recorded its highest level in Beni Suef (85.2%), then Aswan (83.3%), followed by Cairo & Qalyubia (81.5%).

This percentage recorded its lowest value among households in Damietta (61.1%), then Port Said (63.0%).

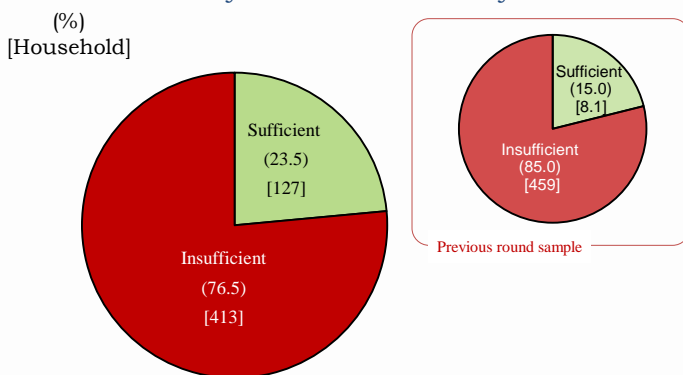
3.2.3. Coping Strategies Approaches

- Vulnerable households adopt several means for coping with price hike, which provide relevant information about the possibility of securing the minimum food needs.
- Results reveal that 11.6% of the households, whose monthly income is insufficient for covering monthly needs receive financial or food items assistance from family members, whereas 7.3% of these households get other assistance from the philanthropy community.
- About 21.5% of the households, whose monthly income is insufficient for covering monthly needs rationalize their consumption to minimize expenditures.
- Borrowing and purchase on credit top the list by (54.7%) which make us, but with reservation, correlate this phenomenon with spread of crimes specially those that are not committed by professional criminals.

Borrowing is the most commonly used means for covering monthly needs of the households whose income is insufficient in the following governorates: Qalyubiya (52.3%), Damietta (51.5%), Cairo (50.0%), Red Sea (47.5%), & Port Said (44.1%).

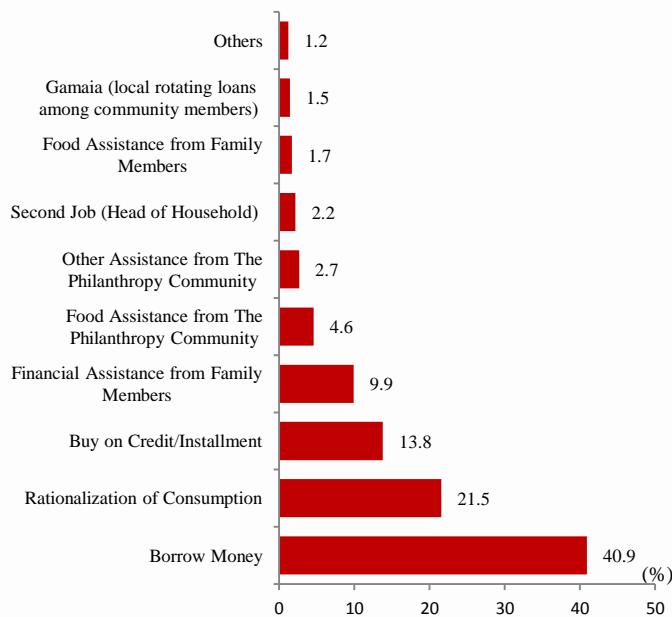
Most of the households whose income is insufficient resort to rationalization of consumption in the following governorates: Souhag (39.5%), Aswan (35.6%), & Menofya (27.9%).

Figure (10)
Households break down according to income sufficiency to meet the monthly needs



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, October, November 2011.

Figure (11)
Means used by the households whose income is insufficient for the monthly needs



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, November 2011.

"Decreasing the normal amount of food" topped the list of the means adopted by households for facing commodity price rise (48.0%), followed by being obliged to buy the commodity (44.4%). This situation is applicable to the different commodity groups¹.

¹ It includes meat, poultry and fish, vegetable and fruit, legumes, grain, flour and bread, oil, ghee and butter, egg, cheese and dairy products in addition to other commodities.



**3.3 Vulnerable Households
Consumption of Food Commodities**

- It is very important for decision makers, & development or assistance oriented civil society organizations to get acquainted with consumption pattern of the vulnerable households as they are most probably exposed to the risk of food insecurity.
- Results that can be summarized from the matrix of consumption pattern reveal that vegetables category, salt, rice, sugar, tea, Fava beans, mixed oil, & subsidized baladi bread are the commodities most frequently consumed by the majority of the vulnerable households throughout the month.
- More than three quarters of the vulnerable households consume yellow lentils, fruits, poultry, tilapia, & macaroni once - twice per week.

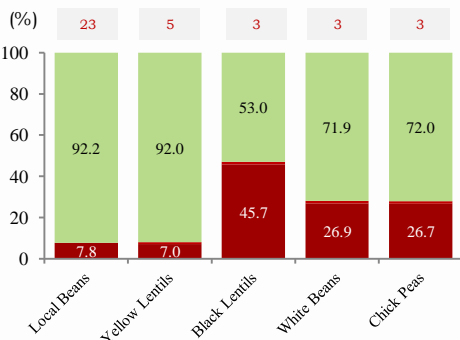
- These households rarely purchase meat (except beef), fish (except tilapia), sunflower oil, corn oil, natural ghee, and butter.
- The vulnerable households try to maintain buying eggs, cheese and milk three times per week in order to ensure sufficient protein consumption.

Samples of the first three rounds emphasize the similarity in the consumption pattern of the poor to a large extent, both in terms of food items most commonly used or consumption rates. As such, targeting them directly, through the provision of those goods in the ration cards, would be highly feasible economically & socially.

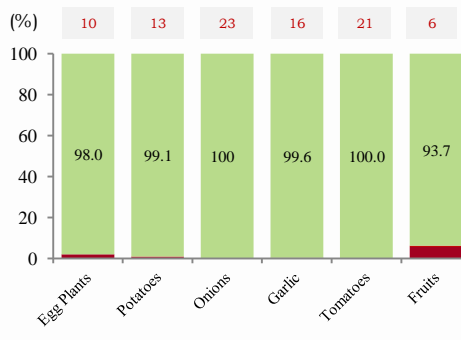
Figure (12)

Break down of the vulnerable households by pattern of consumption from the food commodities basket

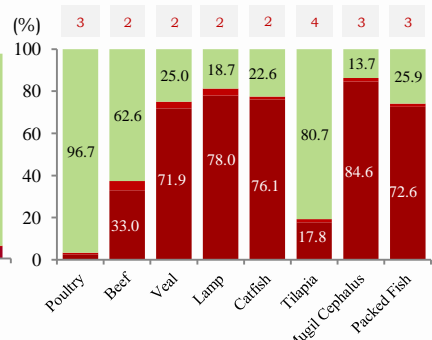
Legumes



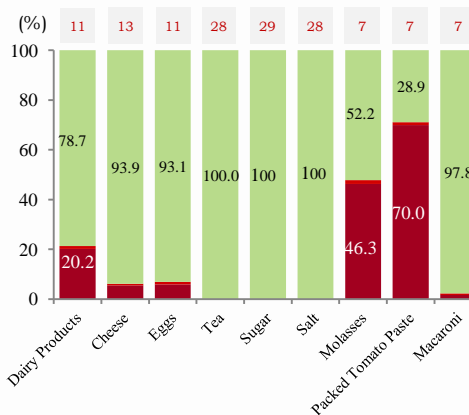
Vegetables & Fruits



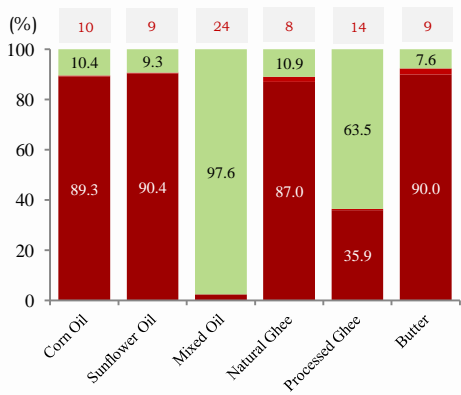
Meat, Poultry and Fish



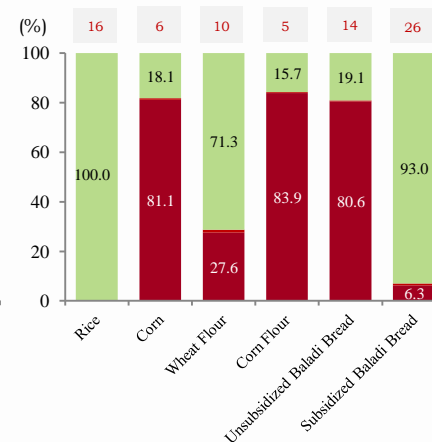
**Eggs, Cheese, Milk & Other
Commodities**



Oils, Ghee & Butter



Grain, Flour & Bread



Do not Consume | No Longer Consume | Consume | Average number of days of consumption¹

¹Average number of days of monthly consumption is calculated for households that consume the commodity.

Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, November 2011.



3.4 Vulnerable Households Realization of the Change in Food Commodities' Prices

- Regarding households' realization of changes in prices of the consumed commodities, there is a glimmer of hope, where realization of the vulnerable household to price increase has relatively decreased for the majority of food commodities.
- Two thirds of these households demonstrated their recognition of the increased prices of fruits, and tomatoes.
- Half of these household believe that prices of vegetables, eggs, milk, & cheese rose.
- However, prices of salt, Fava beans, unsubsidized baladi bread, mixed oil and corn flour remained unchanged according to the vulnerable households point of view.

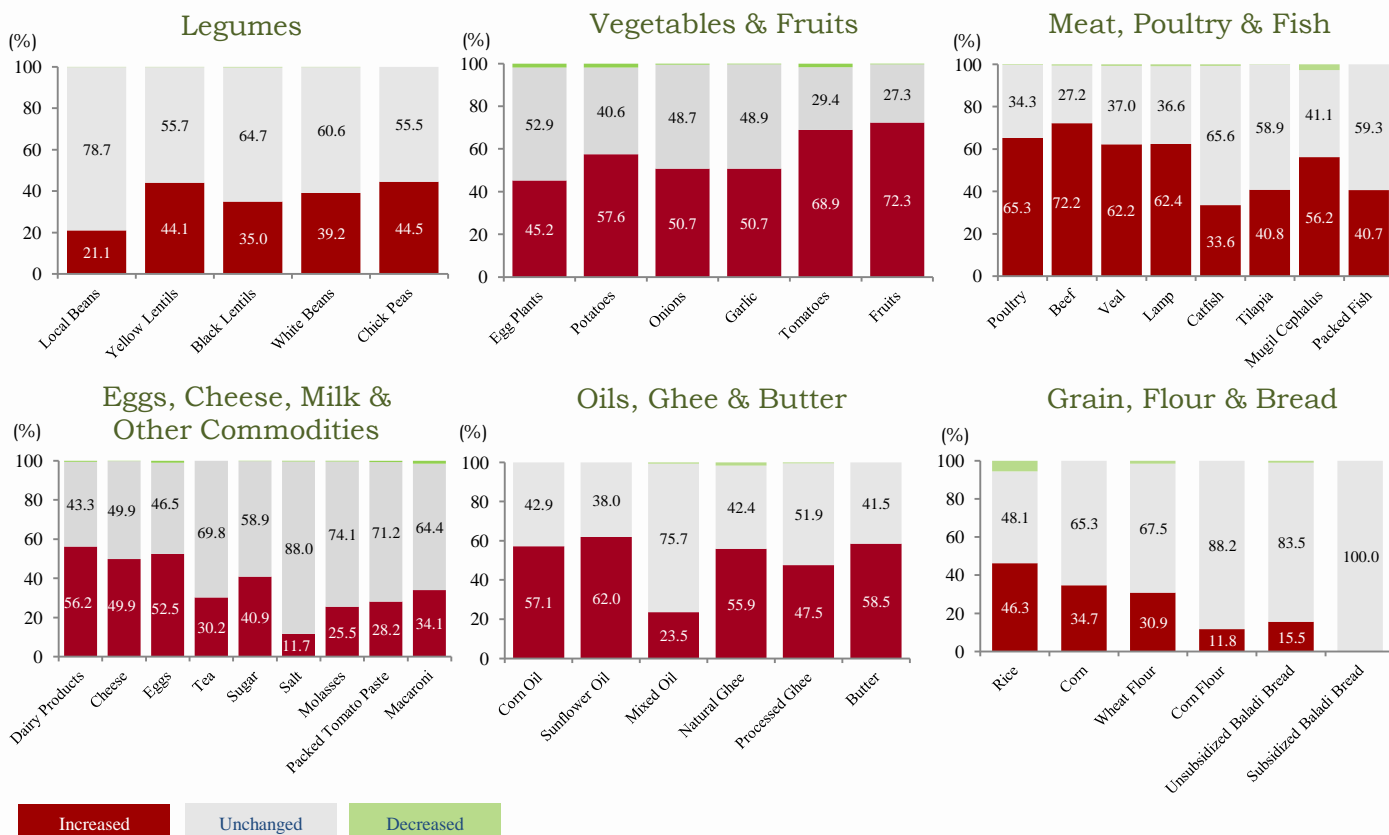
★ Qalyubia & Red Sea, ranked top among the governorates whose most residents, of vulnerable households, recognize commodities price increase.

★ Most of the vulnerable households in all monitored governorates except Aswan & Suhag realized price increase of poultry.

Despite the relative break of the sharp price increase of vegetables, it is still costly from the point of view of the vulnerable households, especially potatoes & tomatoes.

Figure (13)

Break down of the vulnerable households according to their opinion regarding price change of food commodities between September – October 2011



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, November 2011.



3.5 Adequacy of Food Commodities Prices to the Vulnerable Households

- Prices of fruits, vegetables, legumes (except Fava beans), oil, ghee and butter (except mixed oil) are still inadequate for majority of the vulnerable households, during November.
- Prices of milk, cheese & eggs are inadequate for more than three fourth of the vulnerable households.
- Prices of meat, poultry followed by fish are inadequate for the majority of the vulnerable households.

- Prices of tea, packed tomato paste, & molasses are adequate for about half of these households.

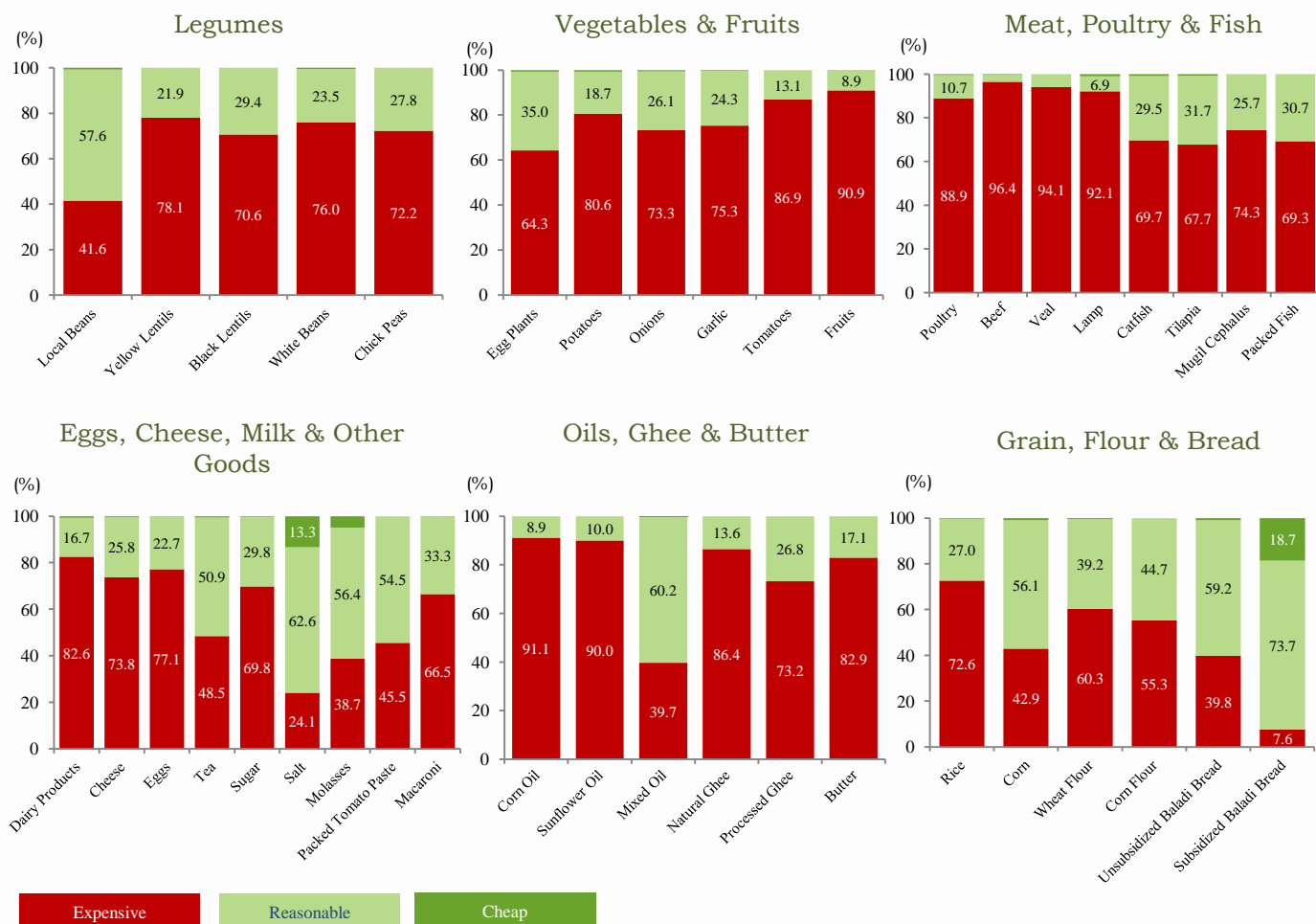
Prices of more than three fourth of commodities in question, are inadequate for more than two thirds of the vulnerable households.

Bread..Freedom..Social justice

Red line _____
When will the poor find adequate prices for food commodities in Egypt?

Figure (14) □

Break down of the vulnerable households according to their opinion on price adequacy of food commodities



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, November 2011.



3.6 Ration Cards

- Around one fifth of the vulnerable households (23.3%) are not ration card holders.
- Among the vulnerable households that have ration cards, around 98.8% use them for obtaining the subsidized rationed commodities.

- ★ 96.3% of the total sampled households in Aswan are ration card holders, placing it top among the surveyed governorates followed by Damietta & Menofya scoring 91% each.
- ★ The lowest percentages were recorded in Matrouh (66.7%) and Cairo (57.4).

- Macaroni followed by tea are the most rationed commodities that vulnerable households do not receive through ration cards.

The percentage of vulnerable households who receives insufficient quantities of rationed rice & sugar, & are obliged to buy additional quantities to meet their consumption, still exceed two thirds of the vulnerable households.

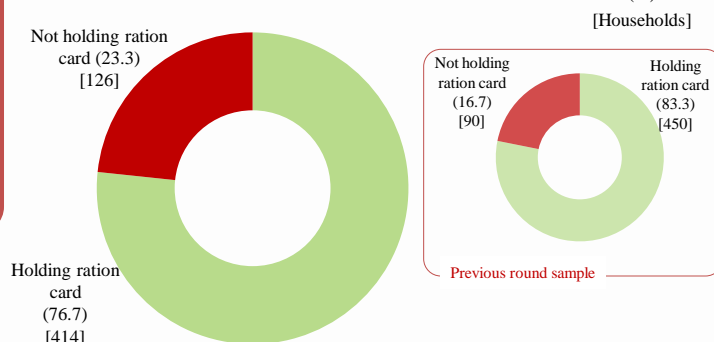
- ★ Percentage of the vulnerable households that receive insufficient quantities of rice through the ration card & are obliged to buy additional quantities is high in Port Said (89.5%) & Red Sea (84.2%) compared to other governorates as well as nationwide.

- ★ Percentage of the vulnerable households that receive insufficient quantities of sugar through the ration card & are obliged to buy additional quantities is high in Red Sea (94.7%) & Beni Suef (92.7%) compared to other governorates as well as nationwide.

In consistency with the results of the previous two rounds, the results of third round has shown that up to one fifth of vulnerable households are not ration card holders, which calls for a comprehensive review of the beneficiaries from ration cards to ensure effective targeting of the poor and at who are risk of poverty.

Figure (15)

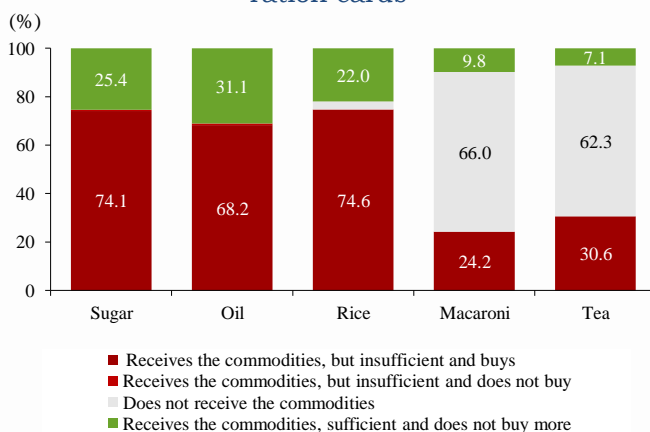
Break down of vulnerable households by holding a ration card



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, October, November 2011.

Figure (16)

Sufficiency of the subsidized commodities on the ration cards



Source: Assessment Survey of the Vulnerable Households, Egyptian Food Observatory, November 2011.

- ★ In Red Sea, Qalyubiya, & Beni Suef, more than two thirds of the vulnerable households who have a ration card, receive insufficient quantities of rationed oil & are obliged to buy additional quantities to meet their consumption.



Four Civil Society Role in Fighting Poverty & Food Shortage



The pleasure of giving

Charitable association engaged in a lot of activities in Egypt. The association was established in 1999 as student movement starting from Cairo University Engineering Faculty, then was officially announced as a charitable association in 29/ 05/ 2000. The association has many branches (more than 50) that are geographically spread.

About Resala

o 1999
Resala started as a student movement in Cairo University, Faculty of Engineering, aimed at improving the community and adopt a more positive and participative approach. The activities ranged from blood donation, college services, & visits to orphanages, elderly care homes & hospitals.

o 2000
Marked a significant shift for Resala when someone donated a plot of land in Faysal area. Volunteer youth used self efforts in raising the necessary funding. Consequently, the association have been officially registered under No. 444, and Resala first branch was established (Resala Faysal).

o 2010
Resala association became one of the largest charitable associations in Egypt, with 50 officially registered branches (Faysal, Al-Muhandisin, Maadi, Heliopolis, 6-October, Nasr City, Helwan, Mokattam, Alexandria, Zagazig, Menofya etc), operating at least 20 charitable activities. The association is staffed by thousands of volunteers youth, children & adults.

“Helping poor households”



“Domestic caravans”



“Feeding activity”



“Used clothes exhibitions”



Some of the activities

o “Helping the poor” activity, provides food aid bags (packaging, distribution), medical assistance (provision of drugs, free medical examination, prosthetic devices, artificial limbs, & wheelchairs), newly wedded needs, & small projects for unsecured households (missing breadwinner or source of income).

o Resala provides aids to families in poor areas in Greater Cairo which are distributed by volunteers. Also, providing families with access to water, rebuilding roof, distributing food bags, & supporting patients to undergo surgeries, supporting familiesetc. In addition, it operates medical caravans introducing medical check ups, drugs as well as raising health awareness.

o Resala prepares & distributes ready meals, either directly or through other charitable associations, to listed poor families, orphanages and disabled in slum areas. In addition, providing meals to beneficiaries from their activities (blind, people with special needs, deaf and dumb, illiteracy classes). They also provide children who are involved in the activities with sweets and juices as an incentive, food catering during birthday parties, in addition to ready meals two times per weeks to poor households.

- ➔ WFP Egypt provides food-based safety-net assistance to 400 thousands beneficiaries in targeted vulnerable communities through food-for-education & food-for-assets activities.
- ➔ In November 2011 around 364,2 thousands beneficiaries were reached in the food-for-education activities where 217 metric tons of food commodities were distributed, while

19,3 thousands beneficiaries were reached in the food-for-assets activities, where 699 metric tons of food commodities were distributed.

- ➔ Under the regional emergency operation 307 thousands beneficiaries received 5,260 metric tons of mixed food commodities by the end of November in four governorates (Sohag, Assuit, Menia and Beni Suef)





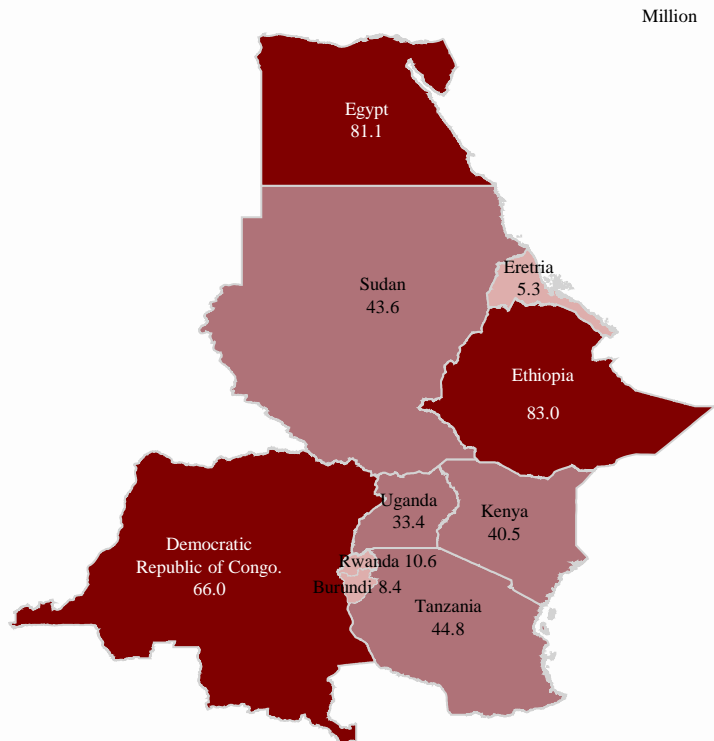
Agricultural & Livestock Investment An Approach to Relations with Nile Basin Countries

5.1 Egypt & the Nile Basin Countries

- Nile Basin countries comprise of nine African countries - through which - passes the River Nile. Such countries have signed the Nile Basin Initiative, namely: Uganda, Ethiopia, Sudan, Congo, Tanzania, Rwanda, Kenya, Egypt, & Burundi, and in 1999 Eretria was added as an observer¹.
- Ethiopia is the most populous Nile basin country in 2010 (around 83.0 million), followed by Egypt (81.1 million).
- Sudan is the largest in terms of area (2.4 million km²), followed by Democratic Republic of Congo (2.3 million km²)².
- Egyptian exports to the Nile Basin countries rose to 5.5 billion L.E. in 2010 compared to 4.5 billion L.E. in 2009, whereas imports remained around 1.5 billion L.E. in (2008 – 2010).
- Sudan ranked the first among Nile basin countries importing from Egypt in 2010 that accounted for 60.1% of the total Egyptian exports to Nile basin countries, and the most important exported items were iron and its products, sugar & sugar confectionery.
- Kenya ranked the first among the Nile basin countries exporting to Egypt in 2010, which contributed to 76.8% of the total Egyptian imports from those countries. Tea was the main imported commodity.

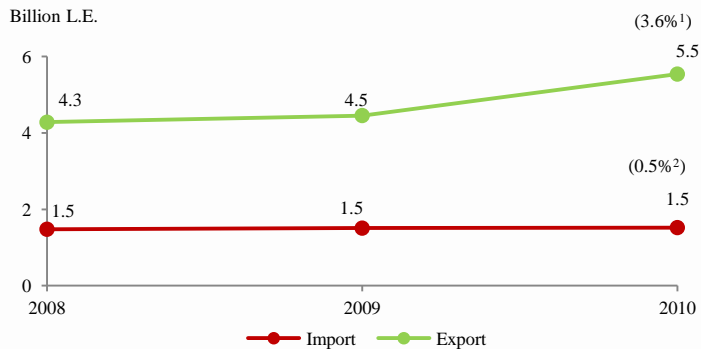
✦ Livestock, & plant products, in addition to beverages & tobacco topped Egyptian imports from the Nile basin countries in 2008 - 2010 ranging from 83% to 91% of the total imports, respectively¹.

Figure (17)
Population of the Nile Basin countries in 2010



Source: UN, Department of Economics & Social Affairs, Population Division, Population Estimates and Projections Section; http://esa.un.org/unpd/wpp/unpp/panel_population.htm

Figure (18)
Trade exchange between Egypt and the Nile Basin countries in (2008 - 2010)



¹Source: Central Agency for Public Mobilization and Statistics, Commercial Trade Between Egypt and Nile Basin Countries, 2009, 2010.

²Source world bank website, <http://data.albankaldawli.org/indicator/AG.LND.TOTL.K2>.

¹ Percentage of total Egyptian exports.

² Percentage of total Egyptian imports.

Source: Central Agency for Public Mobilization and Statistics, Commercial Trade Between Egypt and Nile Basin Countries, 2009, 2010.



5.2 Trade Exchange between Egypt & Ethiopia

- Tracking Egyptian exports to Ethiopia revealed a notable decline amounting to 35.9% in 2010 compared to 2008.
- Also, Egyptian imports from Ethiopia experienced 8.2% decrease during the same period.

The apparent increase in the Egyptian exports to Ethiopia in 2007 - 2008 is due to exporting two new commodities: cables & electricity meters to Ethiopia (186.5 million L.E.), nevertheless, the value of such commodities that was exported to Ethiopia have decreased to 51.4 million L.E in 2009.

Sesame seeds, Fava beans, lentils, beans, meat (live camels & cows) are the main Egyptian imports from Ethiopia in 2008 – 2010.

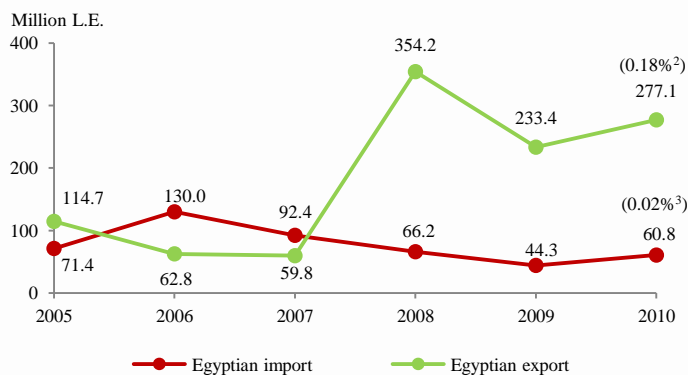
Main Egyptian exports to Ethiopia during the same period were cables, power meters, palm oil, paraffin wax, & toilet paper.

Comparing the period (January – September) in 2010 & 2011, it is evident that Egyptian imports from Ethiopia have increased significantly after the 25th-January revolution by three fold. But Egyptian exports fell during the same period.

Livestock production is an important sector in the Ethiopian economy. It has boomed as a result of governmental facilitations increasing its significance & impact on the Ethiopian economy.

Livestock production imports formed 67.9% of the Egyptian imports from Ethiopia during the period January – September 2011.

Figure (19)
 Trade Exchange between Egypt & Ethiopia in (2005 - 2010)¹



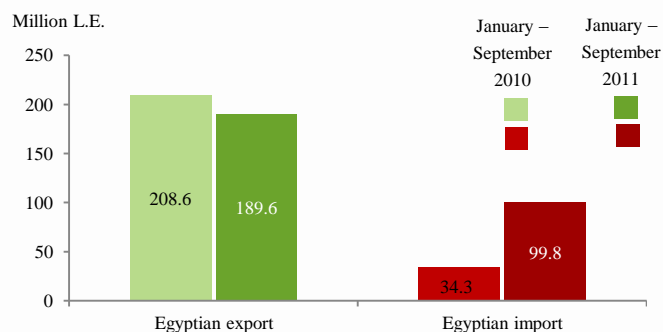
¹Starting 2008 export and import data were issued according to the Statistical Manual for the Coordinated Tariff Lines Consisting of (10) Limits, issued by the Presidential Decree No. 39 of 2007.

²Percentage is from total Egyptian exports.

³Percentage is from total Egyptian imports.

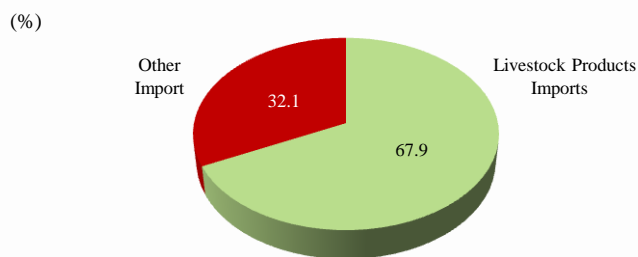
Source: Central Agency for Public Mobilization & Statistics Website.

Figure (20)
 Trade Exchange between Egypt & Ethiopia in January – September 2010 & 2011



Source: Central Agency for Public Mobilization & Statistics Website.

Figure (21)
 Proportion of livestock products imports to total Egyptian imports from Ethiopia in (January – September 2011)



Source: Central Agency for Public Mobilization & Statistics Website.



5.3 Egyptian Investment in Ethiopia¹

- Egyptian investment projects in Ethiopia came to 72 projects varying between Egyptian capital, Egyptian-Ethiopian capital, & Egyptian-Ethiopian capital with a foreign partnership.
- Areas of Egyptian investment in Ethiopia varies between agricultural, industrial, tourism, livestock production, & real-estate.
- In 2010, the volume of Egyptian investments in Ethiopia reached 1 billion dollar².

5.4 Trade Exchange between Egypt & Sudan

- ★ Main Egyptian imports from Sudan in (2008 - 2010) were: cotton, sesame seeds.
- ★ Most important Egyptian exports to Sudan during the same period are: sugar confectionery, iron & steel products, drugs, & orange.

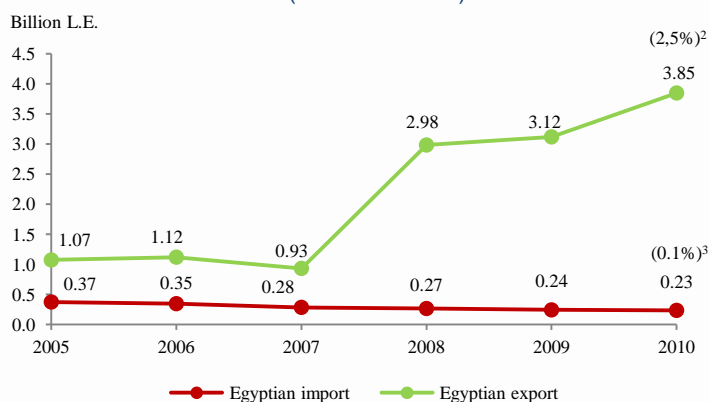
- Tracking Egyptian imports from Sudan reveals a decline in 2010 compared to 2008 by 14.8%.
- The Egyptian exports to Sudan witnessed a significant increase during the same period, by around 29.2%.

- ★ New products had been introduced increasing the Egyptian exports to Sudan in 2010 compared to 2009 as follows: refined root beet & textile products with fillers. In addition, percentage of exports from sugar cane & urea rose.

Proposed mechanisms to improve investment in agriculture & livestock in Ethiopia

- ★ Egyptian government should encourage youth to move towards Africa in general and Ethiopia in particular through providing loans and other necessary support.
- ★ Provide technical & technological assistance to the Ethiopian government for using & managing Ethiopian resources.
- ★ Allow opportunities for popular diplomatic missions, which include youth to explore investment climate with its various scopes in Africa.
- ★ Support Egyptian missions to Ethiopia, (for students & teachers), due to the importance of activating the cultural aspect of relations, especially trade & economic relations.
- ★ Facilitating customs procedures & establishing free trade zones between the two countries.

Figure (22)
 Trade Exchange between Egypt & Sudan
 in (2005 – 2010)¹



¹Starting 2008 export and import data were issued according to the Statistical Manual for the Coordinated Tariff Lines Consisting of (10) Limits, issued by the Presidential Decree No. 39 of 2007.

²Percentage is from total Egyptian exports.

³Percentage is from total Egyptian imports.

Source: Central Agency for Public Mobilization & Statistics Website.

¹Source: Egyptian foreign affairs ministry website,

<http://www.mfa.gov.eg/Arabic/EgyptianForeignPolicy/EgyptianAfricanRelation/BilateralRelations/Ethiopia/Pages/EconomicRelations.aspx>.

²Source: Al-Ahram digital website, <http://digital.ahram.org.eg/articles.aspx?Serial=103529&eid=1024>.



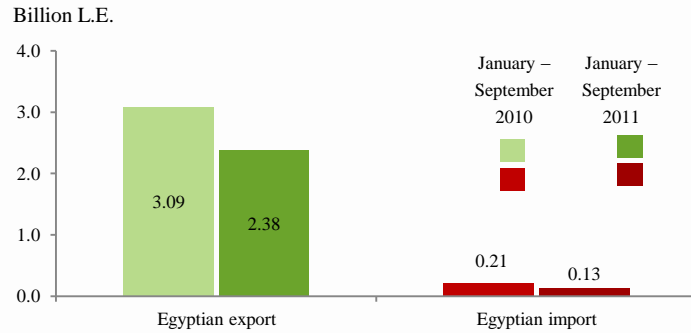
5.4 Trade Exchange between Egypt & Sudan (cont')

- Trade exchange between Egypt & Sudan witnessed a decrease between January to September 2011 compared to 2010, where the value of Egyptian imports from Sudan decreased by 38.1% & the value of Egyptian export to Sudan decreased by 23.0% during the same period.
- Sudan represents an important economic partner to Egypt, since the ratio of Egyptian exports to Sudan represented about 10.0% of the total Egyptian exports to African as a whole in (January-September 2011).

5.5 Egyptian Investment in Sudan¹

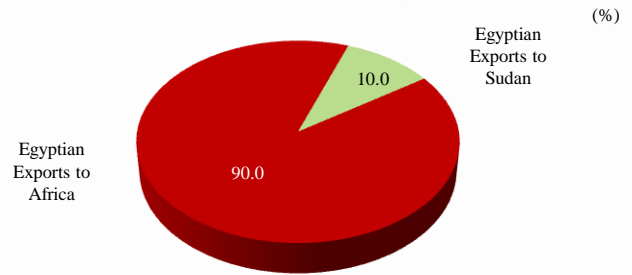
- In 2011, the largest livestock development project had started between the Egyptian private sector & North Sudan's state of "Al Jazeera". For this purpose contracts had been concluded with 18 thousands Sudanese breeders to supply 450 cattle/day (average weight 450 kg per cattle) to Egypt, equivalent of 1000 tons per month.
- The project stands as a model for economics cooperation & integration between the two countries. It is aimed at producing, manufacturing & exporting red meat, on an area of 40 thousand feddans, in the White Nile State, where a company for the project will be established with contributions from the government institutions & the private sector in Egypt & Sudan.
- The project includes establishing irrigation systems, agriculture crop production, fodder manufacture, livestock development, along with the resulting projects of agriculture manufacture, recycling agricultural waste, breeding of cattle, sheep, goats, dairy products. In addition the project also involves establishing a slaughterhouse with the capacity of 400 thousand head per year, including special area for meat-processing & remnants of the slaughtering.

Figure (23)
Trade Exchange between Egypt & Sudan in
January – September 2010 & 2011



Source: Central Agency for Public Mobilization & Statistics website.

Figure (24)
Egyptian Exports to Sudan in (January – September 2011)



Source: Central Agency for Public Mobilization & Statistics website.

Proposed mechanisms to improve investment in agriculture & livestock in Sudan

- Improving the land roads connecting the two countries particularly that one of the most important transport obstacles is poor land roads.
- Encouraging the Egyptian private sector to invest in Sudan via partnering with the Egyptian government in investment projects in Sudan particularly in the livestock sector.
- Streamlining customs procedures between the two countries & establishing free zones..

¹Source: Al-youm7 website.



Annex (1)

The Methodology of Developing the Price Monthly and Accumulated Burden Indicator

First

Methodology of the Survey on the Vulnerable Households

In each round the survey targets 10 governorates including two urban, three Lower Egypt and three Upper Egyptian governorates (north and central Upper Egypt), in addition to two frontier governorates in the Eastern and Western regions. The ten governorates are changed in each round in order to demonstrate the scale of differences nationwide. In each governorate, one urban and one rural areas are targeted except urban governorates where two urban areas are targeted. In addition, informal or poor areas are targeted where the vulnerable households are identified within each target area.

Second

The Methodology of the Rural Prices Observatory

The Rural Prices Observatory addresses prices of the commodities' basket according to the weekly market in the villages visited during the round of the Survey on the vulnerable households in all governorates except urban ones.

Third

Methodology of the Indices of Monthly and Cumulative Burdens

Index of the Monthly Price Burden

Index of the "Monthly Price Burden" reflects differences between the prices of basic food commodities basket in each one of the months subject to observation, as well as their prices based on a specific reference time point. Development of the index depended on selecting a basket of commodities representing the main food groups (26 commodities) which, the Egyptian household uses in its meals. This basket would include one measuring unit from each one of the selected commodities that contains:

1. Meat, poultry and fish group including a kilo of: beef, veal, lamb, poultry, catfish, and tilapia
2. Vegetables group including a kilo of: eggplants, potatoes, onions, garlic and tomatoes.
3. Legumes group including a kilo of: Fava beans, yellow lentils and black lentils.
4. Grain and flour group including a kilo of rice and wheat flour.
5. Butter, oil and ghee group including: corn oil (liter), sunflower oil (liter), natural ghee (kg) and processed ghee (kg).
6. Eggs, dairy products, cheese and others group including: eggs (package of 30), dairy (Liter), macaroni (kg), tea (kg) and sugar (kg).

In order to measure the monthly price burden of the commodities basket, first, the monthly average of the unit price of each commodity should be calculated using the weekly prices collected by the Field Monitoring Network based on the equation:

$$X_{jk} = \sum_{i=1}^{n_j} x_{ijk} / n_j$$

Since:

X_{jk} : is average monthly price of the commodity K in month j.
 x_{ijk} : is the unit price (L.E.) of the commodity k in week i of the month j.

n_j : is the number of weeks in the month j.

Then total monthly prices of the commodities basket is calculated (26 commodities) in each of the months subject to measuring by using the equation:

$$X_j = \sum_{k=1}^{26} X_{jk}$$

Since:

X_j : is total monthly average of the price (L.E.) for the commodities basket in month j.

This total is then compared during each of the months of measuring against the reference price of this given basket which had been selected to be its price in the first week of January 2011¹ which is calculated using the equation:

$$Y = \sum_{k=1}^{26} x_{11k}$$

Since:

Y: is the reference line for measuring the monthly burden of prices.
 x_{11k} : is the unit price of commodity k (in Egyptian Pounds) in the first week of January 2011.

Index of the Price Cumulative Burden

In order to measure the cumulative burden of prices of the same group of commodities, the cumulative sum of prices of this basket is calculated as of the beginning of January 2011 until the month or time point subject to measuring. This reflects total amount paid by the Egyptian household for the selected basket as of January 2011 until the month subject to measuring assuming buying the basket once a month:

$$Z_j = \sum_{j=1}^n x_j$$

Since:

Z_j : is the cumulative sum of what the household paid for the commodities basket in month j.

This actual cumulative sum is then compared with the cumulative sum of the prices of the same basket of commodities which could have been achieved in case it stabilized at the selected reference point, i.e first week of January 2011. It is calculated using the following equation:

$$W_j = X_{11} * n$$

Since:

W_j : is the cumulative sum of what the household would have paid in the commodities basket in month j in case prices stabilized on the same level of the first week of January 2011.

X_{11} : is total monthly average price (L.E.) of the commodities basket in the first week of January 2011.

n: is the number of months between month j and January 2011.

¹The first week of January 2011 had been selected instead of the average prices of the month in order to evade consequent impacts of the January 25th Revolution.



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