



Pergamon

Food Policy 27 (2002) 519–540

FOOD
POLICY

www.elsevier.com/locate/foodpol

Weighing what's practical: proxy means tests for targeting food subsidies in Egypt

Akhter U. Ahmed *, Howarth E. Bouis

International Food Policy Research Institute, 2033 K Street, N.W., Washington, DC 20006, USA

Abstract

Despite achieving a significant cost reduction over the past two decades, the absolute cost of food subsidies in Egypt is still high relative to the benefits received by the poor. There is scope for better targeting these food subsidies, in particular for targeting cooking oil and sugar ration cards, both because reforms in this area are perceived to be far less politically sensitive than adjusting subsidy policy for bread and wheat flour and because higher income groups presently receive a significant percentage of the benefits. Targeting the high-subsidy green ration cards to the poor and the low-subsidy red ration cards to the nonpoor will require identification of both poor and nonpoor households. An International Food Policy Research Institute research team in Egypt, in collaboration with the Egyptian Ministry of Trade and Supply, developed a proxy means test for targeting ration cards. The paper describes the process of moving from the optimal income-predicting model to the final model that was both administratively and politically feasible. An ex-ante evaluation of the levels of accuracy of the proxy means testing model indicates that the model performs quite well in predicting the needy and nonneedy households. An effective and full implementation of this targeting method would increase the equity in the ration card food subsidy system, and, at the same time, the total budgetary costs of rationed food subsidies would decline. Moreover, the experience gained under this reform would facilitate targeting future social interventions to reduce and prevent poverty in Egypt.

© 2002 Elsevier Science Ltd. All rights reserved.

Keywords: Ration cards; Targeting; Proxy means tests; Household welfare indicators

* Corresponding author. Tel.: +1-202-862-8180; fax: +1-202-467-4439.

E-mail address: a.ahmed@cgiar.org (A.U. Ahmed).

Background

This study is an outcome of policy research on food subsidies in Egypt, conducted by the International Food Policy Research Institute (IFPRI) in collaboration with Egypt's Ministry of Agriculture and Land Reclamation (MALR) and the Ministry of Trade and Supply (MOTS) over a 3-year period from 1996 to 1999. IFPRI's policy research has been conducted under the Food Security Research (FSR) unit of the Agricultural Policy Reform Program (APRP). One of the primary objectives of IFPRI's collaborative research was to identify policy options for a targeted food subsidy system, which protect food security of the poor in a cost-effective manner.

Since the mid-1980s, the Government of Egypt has used a variety of strategies to gradually reduce food subsidy costs. These strategies have included increasing the price of subsidized food commodities; reducing the number of ration card holders; and reducing both the number and quantity of subsidized food items available to consumers. As a result, the explicit cost of the food subsidy system has declined appreciably in real terms. As a share of total government expenditures, it has fallen from about 14% in 1980/1981 to 5.6% in 1996/1997. At present, the food subsidy system includes only four foods: *baladi* bread, wheat flour, sugar, and cooking oil. Subsidized *baladi* bread and wheat flour are available to all consumers without restrictions, while sugar and cooking oil are available at subsidized prices on a monthly quota basis to those with ration cards. The MOTS is responsible for administering and monitoring the food subsidy system through its nationwide administrative network. IFPRI–FSR research (Ahmed et al., 1999, 2001) suggests that, while the current system of food subsidies has generally been effective as a social safety net to help protect the poor during economic restructuring, it is weak in five areas.

- The absolute cost of the present food subsidy system is still high relative to the benefits received by the poor. The total cost of Egypt's food subsidy system in 1996/1997 prices was 3.74 billion Egyptian pounds (LE), or about US\$1.1 billion,¹ of which *baladi* bread accounted for 62%; wheat flour 15%; sugar 13%; and oil 10%.
- The current system is not well targeted to the poor; almost 60% of subsidy benefits go to higher income households constituting the top 60% of the population in the income distribution.
- A significant number of the poor have limited access to subsidy benefits.
- Considerable shares of the food subsidy benefits are misappropriated in the distribution system before reaching the consumers. In 1997, the total cost of leakages in the Egyptian food subsidy system accounted for about 16% of the total cost of food subsidies.²

¹ The exchange rate in 1997 was Egyptian pounds (LE) 3.40 to US\$1.00.

² Leakage is defined as the amount of subsidized foods that disappear at the wholesale level, never reaching the intended consumer. The difference between government supply of subsidized foods and purchases by consumers measures the extent of leakage in the food subsidy system. For details on the estimation method and data, see Ahmed et al., 2001.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات