

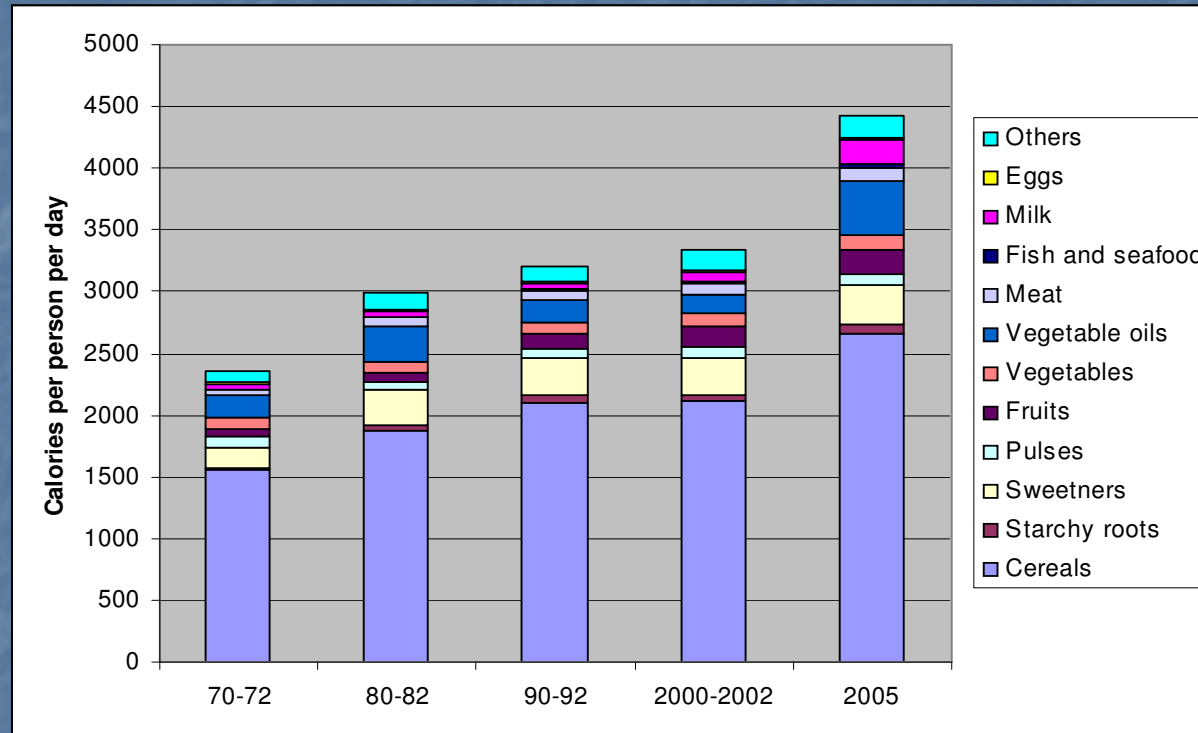
# The Impact of Soaring Food Prices on Food Consumption and Nutrition of Poor Households: the case of Egypt

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## Egypt in Brief

- The most populated country in the Region
- Population (2011) > 85 000 000 – population growth rate 1.96%
- Urban population : 42 %, around 36 million
- 41% of the population lives under the poverty line of 2\$ (PPP)
- Unemployment 9%
- Major economic sectors: oil, tourism, agriculture
- Egypt is a net food importer
- Egypt is self sufficient in fruits, vegetables, Milk and dairy products, poultry, and eggs
- Egypt is among the highest importers of cereals in the world

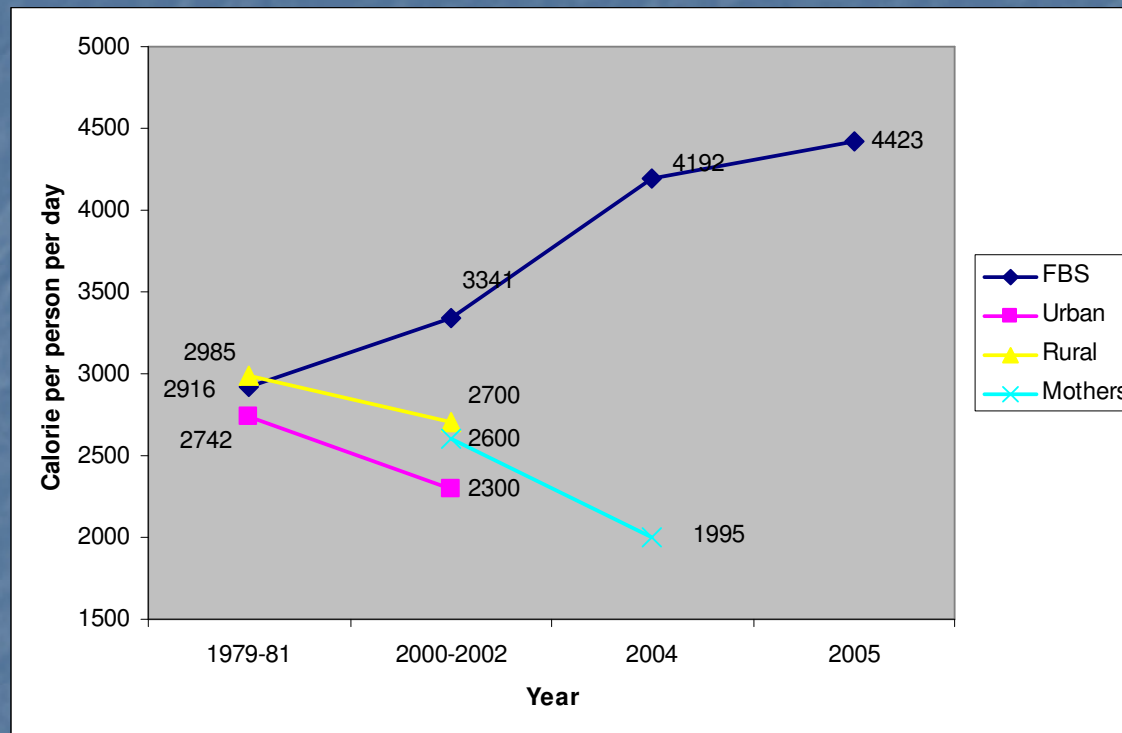
# Contribution of Food Groups to DES



Source: FAOSTAT & MoA

- There has been an increase in DES over the past decades
- DES is not diversified
- Cereals represent 60% of DES

# The Paradox of high DES



The increase in DES has not been accompanied by an increase in caloric intake

- Reliability of data ?
- Leakage of subsidised bread?
- Or real deterioration in food and nutrition security?



## Food subsidies in Egypt

Not targeted

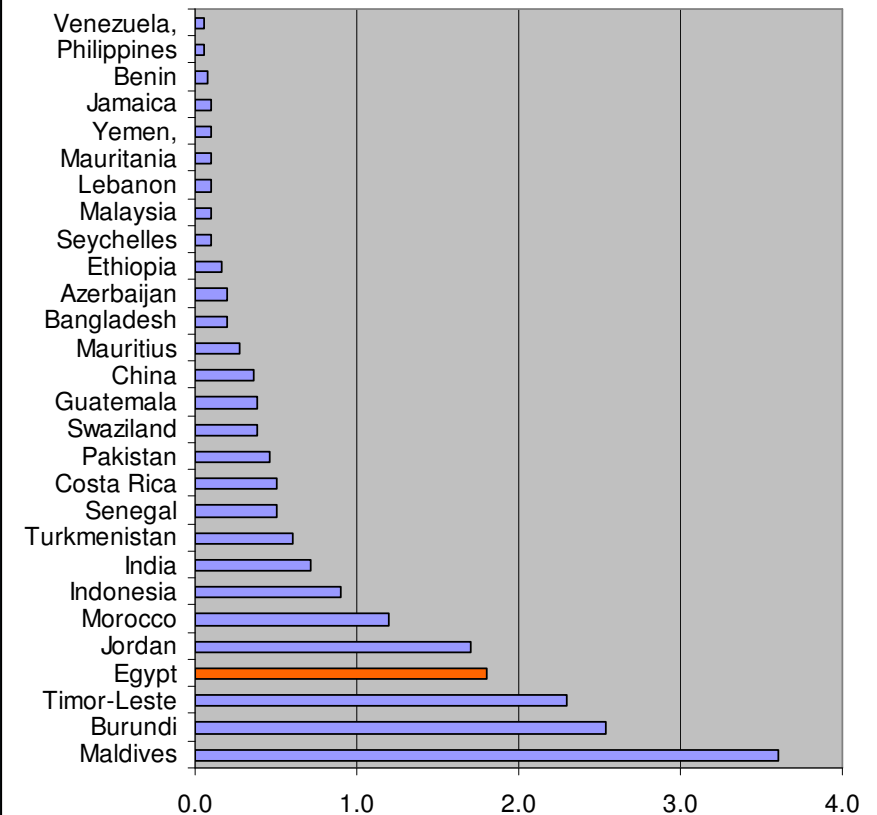
Exists since the 40s

Fixed quantities of subsidised foods (sugar, oil, rice, tea) are offered at fixed prices to those having ration cards

*Subsidised bread (Baladi)* is available for all consumers. The price of a loaf of bread has been fixed at 5 piastres since 1989



Total Food Subsidies in 2008 as percentage of GDP



## *The Nutritional Challenges in Egypt*

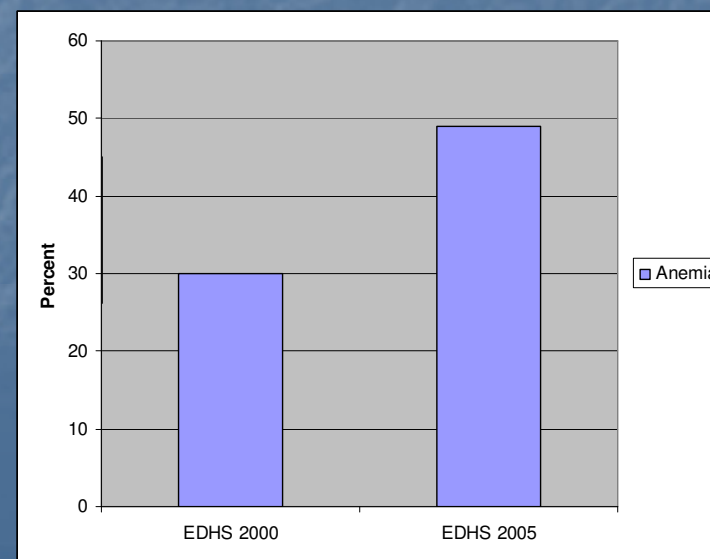
Over weight and Obesity, 2008

|                   | Women<br>EDHS | Men<br>EDHS |
|-------------------|---------------|-------------|
| Overweight<br>(%) | 28            | 34          |
| Obesity(%)        | 40            | 18          |

Malnutrition among children below the age of Five years

|                   | 1995 | 2000 | 2003 | 2005 | 2008 |
|-------------------|------|------|------|------|------|
| Height for age    | 29.8 | 18.7 | 15.6 | 17.6 | 25.0 |
| Weight for height | 4.6  | 2.5  | 4.0  | 3.9  | 7.0  |
| Weight for age    | 12.5 | 4.0  | 8.6  | 6.2  | 7.0  |

Anemia among children below the age of Five years



## *The increase in Food Prices in Egypt (%)*

|                              | <b>Jan 2004 -<br/>Jan 2007</b> | <b>Jan 2007-<br/>Mai 2008</b> | <b>Jan 2004 -<br/>Mai 2008</b> |
|------------------------------|--------------------------------|-------------------------------|--------------------------------|
| <b>Produits alimentaires</b> | <b>28.0</b>                    | <b>33.2</b>                   | <b>70.6</b>                    |
| Pain et céréales             | 10.1                           | 51                            | 66.2                           |
| Viande                       | 35.9                           | 24.6                          | 69.4                           |
| Poissons et fruits de mer    | 43.6                           | 21                            | 73.8                           |
| Lait, fromage et oeufs       | 44.9                           | 25.9                          | 82.4                           |
| Huiles et graisses           | 7.2                            | 52.7                          | 63.7                           |
| Fruits                       | 39.0                           | 71.6                          | 138.6                          |
| Légumes                      | 62.1                           | 24.9                          | 102.4                          |
| Sucre, confiture, miel, etc  | 36.8                           | 18.3                          | 61.8                           |
| Café, thé et cacao           | 0.8                            | 3.9                           | 4.7                            |

## Increases in food prices among the highest in the world (from Q4 2003 to Q4 2007 )

| <b>Product</b> | <b>Country</b> | <b>Production Price</b> | <b>Consumer Price</b> |
|----------------|----------------|-------------------------|-----------------------|
| <b>Rice</b>    | <b>Egypt</b>   | <b>46</b>               | <b>28</b>             |
|                | Bangladesh     | 8                       | 2                     |
|                | Philippines    | 7                       | 3                     |
|                | China          | 28                      | 30                    |
|                | Indonesia      | 28                      | 32                    |
| <b>Maize</b>   | <b>Egypt</b>   | <b>128</b>              | <b>56</b>             |
|                | Philippines    | 9                       | 5                     |
| <b>Wheat</b>   | <b>Egypt</b>   | <b>52</b>               | <b>71</b>             |
|                | Bangladesh     | 42                      | 39                    |



## The cereals in Egypt :

Consumption is high:

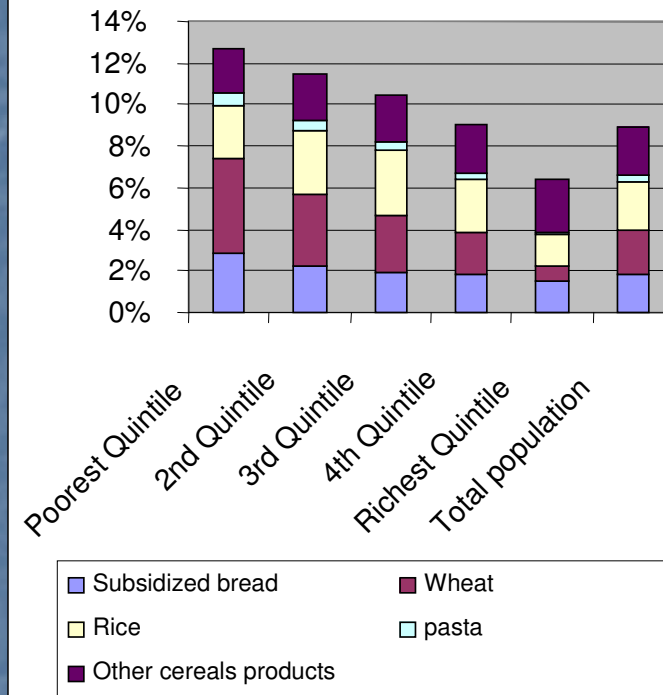
*Cereals 120 kg per capita*

*Rice 30 kg per capita*

**Because of bread subsidy, cereals represent a small share in household expenditure**

The impact of the increase in cereal prices on households is less important than that of the other food groups

The Share of cereals in food expenditure



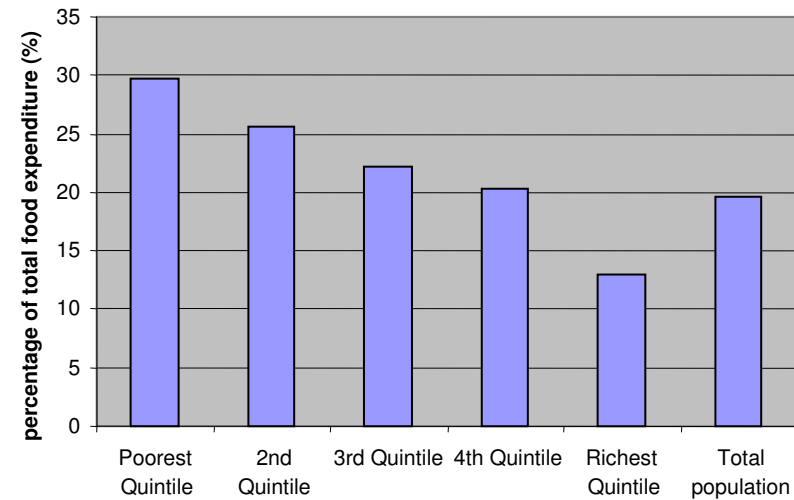
## Legumes in Egypt

The share of legumes in food expenditure is higher than that of cereals especially for the poor

The increase in prices of legumes, especially, fava beans, will have more negative impact on poor households

The most frequently consumed legume, fava beans, registered a very high increase in consumer price

The share of "foul & falafel" in food expenditure

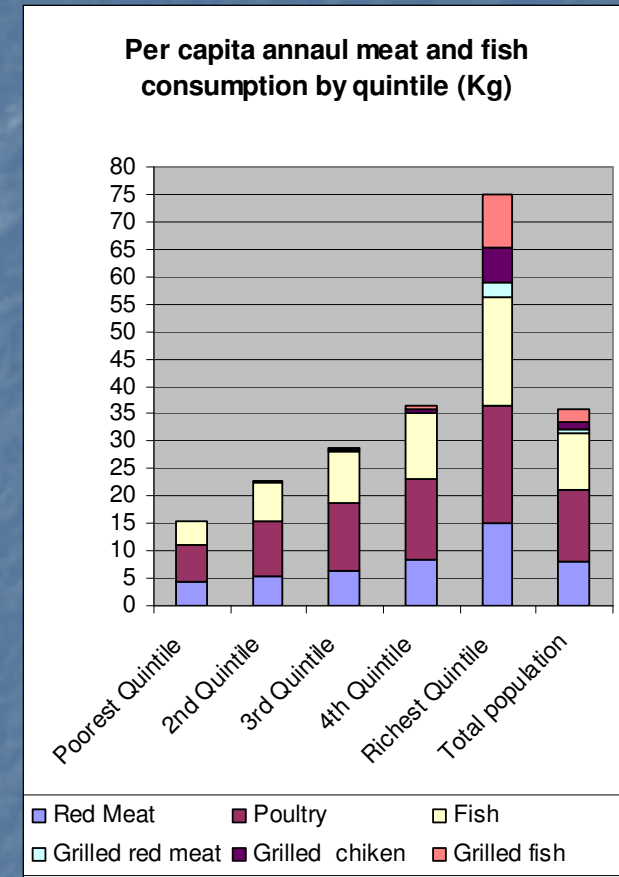
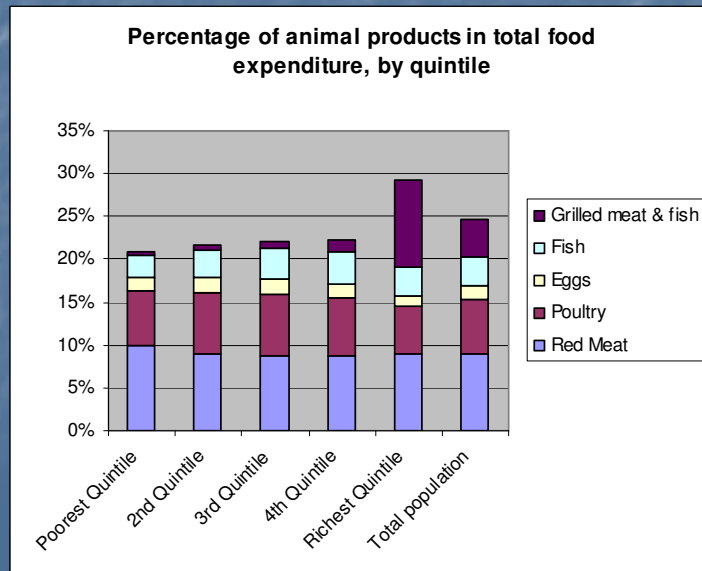


|                   | Increase in consumer price between Jan. 2005 and May 2008 (%) |
|-------------------|---|
| <b>Fava beans</b> | 83  |
| <b>Lentil</b>     | 57  |
| <b>Chick peas</b> | 22  |
| <b>beans</b>      | 52  |

# Meat and Fish:

The poorest two quintiles consume small quantities of meat and fish (41 - 63 g/person/day)

Foods of animal origin represent 21% of food expenditure for the poor



## ***Fruits and Vegetables:***

Vegetables represent 7 % of food expenditure of the poorest two quintiles

Fruits represent 2.8 %

The poorest two quintiles choose the cheapest fruits and vegetables

Despite the self sufficiency in fruits and vegetables, the increase in their prices was the biggest among all food groups, in particular for those fruits and vegetables the most frequently consumed

The poor depend on the market for most of the fruits and vegetables they consume, including in rural areas.



## ***The impact of soaring food prices on households***

***The cost of a food basket that was consumed in 2005 increased on average by 59% in urban settings vs 52% in rural setting (taking into account home production and subsidised foods)***

***Assuming that the food expenditure remains constant, the increase in food prices would result in a welfare loss of 37% in urban settings and 34% in rural settings.***

**Table. Increase in the cost of food basket and welfare loss caused by the increase in food prices between 2005 and 2008**

|  | <b>I</b>  | <b>II</b> | <b>III</b> | <b>IV</b> | <b>V</b>  | <b>All</b> |
|--|-----------|-----------|------------|-----------|-----------|------------|
| <b>Increase in the cost of food basket between 2005 and 2008 (%)</b> |           |           |            |           |           |            |
| <b>Urban</b>   | <b>63</b> | <b>62</b> | <b>60</b>  | <b>59</b> | <b>53</b> | <b>59</b>  |
| <b>Rural</b>   | <b>56</b> | <b>52</b> | <b>51</b>  | <b>51</b> | <b>52</b> | <b>52</b>  |
| <b>Welfare loss %</b>  |           |           |            |           |           |            |
| <b>Urban</b>   | <b>39</b> | <b>38</b> | <b>38</b>  | <b>37</b> | <b>35</b> | <b>37</b>  |
| <b>Rural</b>   | <b>36</b> | <b>34</b> | <b>34</b>  | <b>34</b> | <b>34</b> | <b>34</b>  |



## ***Dependence on the Market for most of the food consumed in urban and rural settings***

The contribution of home production to the food consumption of household is low, including in rural areas

0.8% in urban areas and 11.2% in rural areas

**Contribution of home production (%) to total consumption and to consumption of each group of commodities by quintile and geographic location**

|                        | 1st Quintile |             | 2nd Quintile |             | 3rd Quintile |             | 4th Quintile |             | 5th Quintile |             | Tot pop    |             |
|------------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|------------|-------------|
|                        | Urban        | Rural       | Urban        | Rural       | Urban        | Rural       | Urban        | Rural       | Urban        | Rural       | Urban      | Rural       |
| <b>Home Production</b> | <b>2.0</b>   | <b>9.9</b>  | <b>1.8</b>   | <b>12.7</b> | <b>1.5</b>   | <b>12.8</b> | <b>1.0</b>   | <b>11.5</b> | <b>0.3</b>   | <b>7.8</b>  | <b>0.8</b> | <b>11.2</b> |
| <b>Commodity</b>       |              |             |              |             |              |             |              |             |              |             |            |             |
| <b>Cereals</b>         | <b>7.8</b>   | <b>31.8</b> | <b>5.8</b>   | <b>39.6</b> | <b>4.8</b>   | <b>39.2</b> | <b>4.2</b>   | <b>38.2</b> | <b>1.4</b>   | <b>28.9</b> | <b>3.5</b> | <b>36.5</b> |
| <b>Poultry</b>         | <b>22.5</b>  | <b>61.5</b> | <b>17.5</b>  | <b>65.7</b> | <b>15.3</b>  | <b>63.9</b> | <b>10.0</b>  | <b>59.6</b> | <b>3.1</b>   | <b>44.4</b> | <b>8.3</b> | <b>60.0</b> |
| <b>Eggs</b>            | <b>19.0</b>  | <b>60.8</b> | <b>14.4</b>  | <b>63.7</b> | <b>11.1</b>  | <b>60.7</b> | <b>7.6</b>   | <b>54.0</b> | <b>2.4</b>   | <b>39.7</b> | <b>6.8</b> | <b>56.8</b> |
| <b>Dairy</b>           | <b>4.6</b>   | <b>29.1</b> | <b>3.9</b>   | <b>36.3</b> | <b>3.2</b>   | <b>35.0</b> | <b>2.2</b>   | <b>32.1</b> | <b>0.7</b>   | <b>24.4</b> | <b>1.8</b> | <b>32.0</b> |
| <b>Fruit</b>           | <b>0.5</b>   | <b>1.3</b>  | <b>0.5</b>   | <b>1.4</b>  | <b>0.7</b>   | <b>1.6</b>  | <b>0.4</b>   | <b>1.3</b>  | <b>0.3</b>   | <b>1.6</b>  | <b>0.4</b> | <b>1.4</b>  |
| <b>Veg</b>             | <b>0.8</b>   | <b>3.1</b>  | <b>0.7</b>   | <b>4.3</b>  | <b>0.7</b>   | <b>4.1</b>  | <b>0.5</b>   | <b>4.2</b>  | <b>0.3</b>   | <b>3.7</b>  | <b>0.5</b> | <b>3.9</b>  |

## *Cost of calories: 2005 and 2008*

|                             | Cost of 100 Calories |        | Multiple of baladi bread |        |
|-----------------------------|----------------------|--------|--------------------------|--------|
|                             | 2005                 | May-08 | 2005                     | May-08 |
| <b>Market food products</b> |                      |        |                          |        |
| Wheat                       | 5.13                 | 11.76  | 3.6                      | 8.2    |
| Wheat flour                 | 5.65                 | 11.27  | 4.0                      | 7.9    |
| Maize                       | 3.60                 | 8.62   | 2.5                      | 6.0    |
| rice                        | 5.57                 | 9.37   | 3.9                      | 6.6    |
| Potatoes                    | 7.94                 | 13.99  | 5.5                      | 9.8    |
| Beans (foul)                | 9.22                 | 17.92  | 6.4                      | 12.5   |
| Lentils                     | 13.56                | 22.44  | 9.5                      | 15.7   |
| Vegetable oil               | 7.32                 | 12.55  | 5.1                      | 8.8    |
| Onions                      | 12.87                | 22.39  | 9.0                      | 15.7   |
| Tomato                      | 62.10                | 125.18 | 43.4                     | 87.5   |
| Green beans                 | 63.77                | 84.72  | 44.6                     | 59.2   |
| Orange                      | 21.21                | 56.54  | 14.8                     | 39.5   |
| Banana                      | 20.12                | 31.12  | 14.1                     | 21.8   |
| Red meat                    | 144.42               | 186.50 | 101.0                    | 130.4  |
| Chicken                     | 49.01                | 86.43  | 34.3                     | 60.4   |
| Milk                        | 48.39                | 55.99  | 33.8                     | 39.2   |
| Fish                        | 105.04               | 136.68 | 73.5                     | 95.6   |
| Sugar                       | 6.13                 | 8.50   | 4.3                      | 5.9    |

## **CONCLUSION**

### ***The impact of soaring food prices on nutrition in Egypt***

The increase in food prices in a context of high prevalence of poverty, would increase the dependence on subsidized foods especially bread, as an accessible source of calories and proteins, and would significantly reduce the consumption of other food products, especially **foods of animal origin and fruits and vegetables.**

The risks are:

**Increase in the prevalence of obesity**  
**Increase in « hidden hunger »**

The Urban Population would be the most negatively affected by the increase in food prices

Thank You