



RATION CARD IN EGYPT: TARGETING, LEAKAGE AND COST COUNTRY CASE STUDY

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OUTLINE

1

- **INTRODUCTION AND MOTIVATION**

2

- **Portrayal of Ration Card in Egypt**

3

- **QUESTION, METHODOLOGY AND FINDINGS**

- **Current Structure of Smart Ration Card**

- **Evaluation of Smart Ration Card**

4

- **POLICY RECOMMENDATION**

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INTRODUCTION AND MOTIVATION

"A measure of the greatness of a powerful nation is the character of the life it creates for those who are powerless to make ends meet". —
Richard Nixon, August 11, 1969

INTRODUCTION AND MOTIVATION

- ✖ Egyptian government has taken decisive steps to decrease public spending
- ✖ Introduce the smart ration card
- ✖ Computerizing ration subsidy system targets lower leakage, better targeting and thus cost reduction

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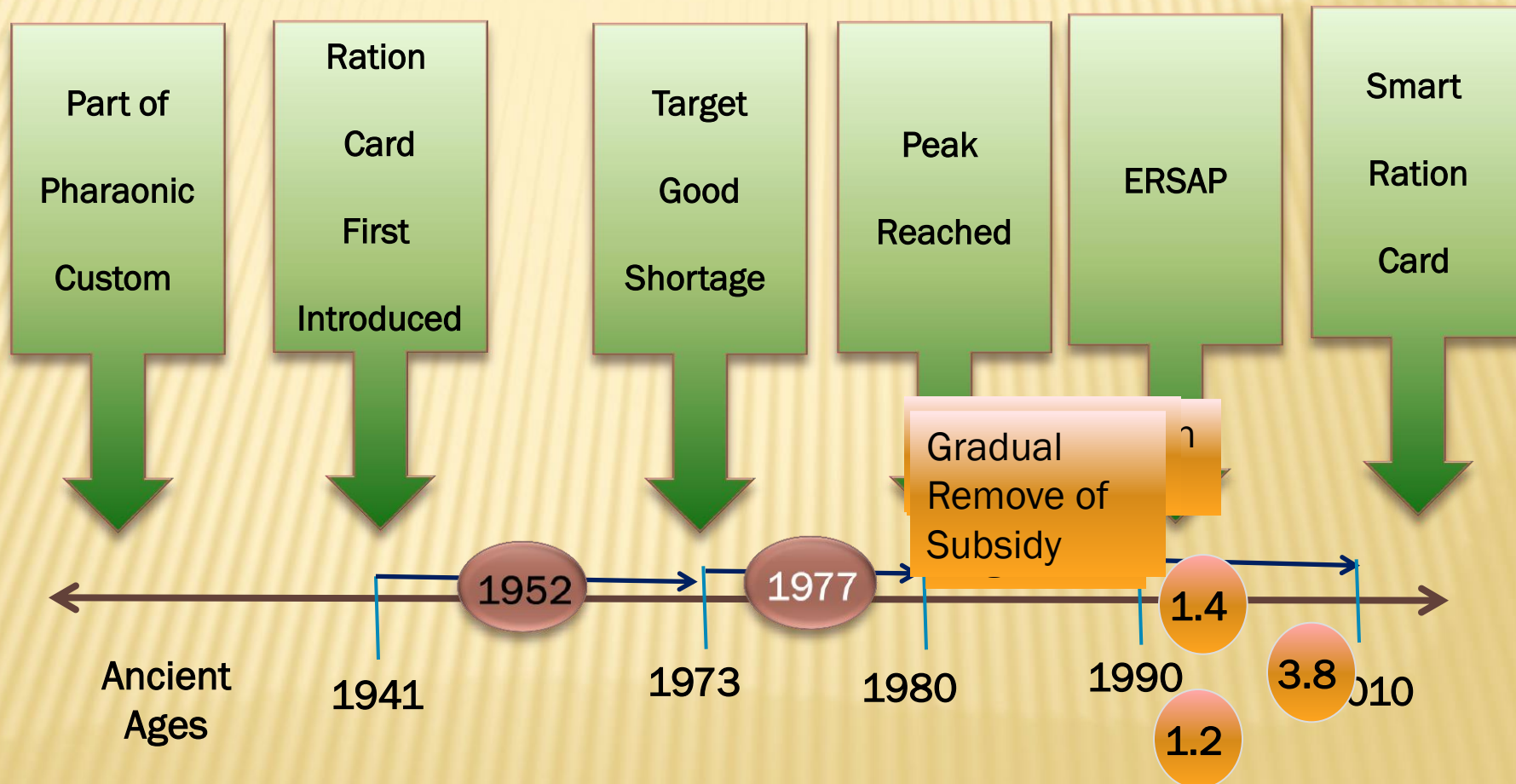
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PORTRAYAL OF RATION CARD IN EGYPT



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RESEARCH QUESTIONS

What is Current Status
of Smart Ration Card?

How Efficient is Smart
Ration Card?

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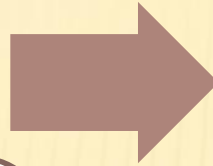
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METHODOLOGY

Question

- What is Current Status of Smart Ration Card?

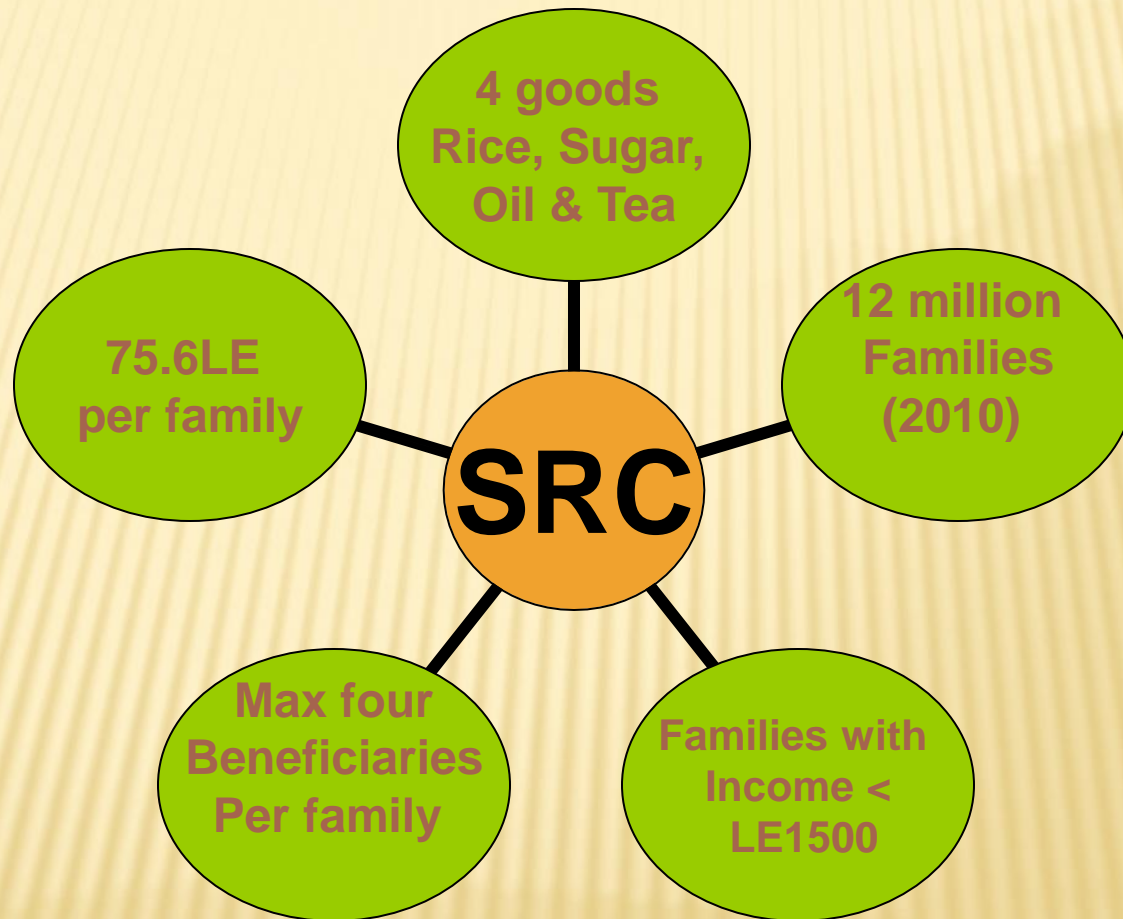


Methodology

- Analyze Secondary Available Resources
- Primary Data is collected through Household Interviews

FINDINGS

Structure of Current Smart Ration Card



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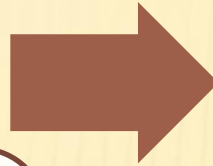
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• POLICY RECOMMENDATION

METHODOLOGY

Question: How Efficient is Smart Ration Card?

- Targeting
- Leakage
- Cost Effectiveness



Methodology

- Design a Questionnaire
- Distribute it in Cairo
- May 2011 and August 2011
- 300 respondents
- N=242
- Survey Analysis: SPSS Packages

SURVEY VARIABLES

Independent Variables

- Income Level
- Family Size
- Subsidized Products Quality and Price
- Ration Card Quota
- Distribution Process



Dependent Variable

- Use of Subsidized Products
- Satisfaction of Subsidized Products

TARGETING - FINDINGS

Income level	Have a Ration Card	In Process of Issuing	Registered on Family Card	Total size according to income level
Less than 1500	38	9	12	68
Between 1500-5000	64	5	21	115
More than 5000	14	1	3	58
Total	116	15	36	241

- ✗ 13.3% of poor families do not have ration cards
- ✗ Reasons: difficult to issue a ration card & bad quality of the subsidized products
- ✗ Not All Targeted group is covered

Leakage - FINDINGS

Income Level	Criteria	Do you have a ration card?		Total
		No	Yes	
Less than 1500	Count	30	38	68
	% within Less than 1500	44.1%	55.9%	100.0%
Between 1500-5000	Count	51	64	115
	% within Between 1500-5000	44.3%	55.7%	100.0%
More than 5000	Count	44	14	58
	% within More than 5000	75.9%	24.1%	100.0%
Total	Count	125	116	241
	% within whole sample	51.9%	48.1%	100.0%

- ✗ The higher the income, the lower the probability of using ration card
- ✗ There is leakage to non-poor
- ✗ Self targeting achieved?

TARGETING - QUESTION

- ✘ Government Target: To reach those living on less than \$2 per day
- ✘ “Does the current scheme of smart ration card resulted in a situation where all those living on less than \$2 per day are reached?”

SELF TARGETING

- ✘ Is there variation of preference between different income groups?

- ✘ ANOVA Results:
 - + Only for prices, it is noted that the higher the income levels the lower price satisfaction
 - + It cannot be estimated that self-target is achieved in ration card as there is no variation between different groups
 - + Further administrative actions are needed by the government to exclude non-poor families from using subsidy

COST EFFECTIVENESS- FINDINGS

	2012	2010
Total Direct Subsidy	LE2.291 billion	LE0.907 billion
Total cost	LE1.04 billion	LE5.63 billion
Total Indirect Cost	LE8.12 billion	LE4.72 billion
Direct cost per family	LE135.84	LE75.6
Indirect cost per family	LE480.72	LE393.0

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CONCLUSION - SWOT

STRENGTH	WEAKNESS	OPPORTUNITIES	THREATS
<ul style="list-style-type: none">✖ A major instrument for Egyptian social safety net✖ Ration card is adequate to assist the poor✖ A way for middle income families to complete their obligation	<ul style="list-style-type: none">✖ Some poor households that are eligible to use ration card do not have one✖ Non-poor have the incentive to use ration cards✖ Indirect cost induced is much higher than direct cost indicating inefficiency in public expenditure distribution	<ul style="list-style-type: none">✖ Use technology to create a network of information between different ministries✖ Technology would facilitate excluding high income groups✖ Technology would decrease administrative cost in the future	<ul style="list-style-type: none">✖ Massive Public Cost✖ Political Instrument for Stability

POLICY RECOMMENDATION

- ✘ Simultaneous development policies are needed to achieve further reform for the social protection program
- ✘ Providing work in exchange of food would only attract risky individuals who face food insecurity and do not have other means to get food
- ✘ Use Smart ration card as a method to decrease corruption and respectively decrease indirect cost
- ✘ Smart ration card can be used as method for sharing information between ministries
- ✘ Awareness campaigns about ration card and food consumption

THANK YOU