



LONG LINE: Millions of Egyptian rely, like this man in a queue at a bakery in Alexandria this month, on cheap bread. **REUTERS/ASMAA WAGUIH**

After struggling to exert power over state institutions, the ruling Muslim Brotherhood falls back on its powerful ground game—with a twist

Egypt's Brotherhood turns to flour power

BY TOM PERRY AND ABDEL RAHMAN YOUSSEF

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The bread queue can be a dangerous and dishonest place in Egypt. People have killed over state-subsidised loaves. Corruption blights much of the trade.

The problems, says the ruling Muslim Brotherhood, are why it has introduced a new way to deliver bread

- safely and cleanly - from bakeries to homes.

"Bread isn't my line of work, but it's important, so I freed up my time," said Mohamed Gaber, a Brotherhood activist spearheading one delivery project in a run-down part of Alexandria where five people were killed in bread-related fights last August.

The scheme may deliver in other ways, too. The Muslim Brotherhood-led administration is losing support. Opposition groups say that President Mohamed Mursi and his government are incompetent economic managers obsessed with entrenching their power.

The Brotherhood, meantime, openly complains of obstruction from state institutions and bureaucrats. Frustrated that it cannot seem to change the system from within, the Brotherhood has begun to deploy street-level workers to fix everyday problems that resonate with millions of poor Egyptians.

Bread is one of Egypt's most explosive issues. President Anwar Sadat triggered riots when he cut the bread subsidy in 1977, while President Hosni Mubarak faced unrest in 2008 when the rising price of wheat caused shortages. When Egyptians rose up against Mubarak's rule two years ago, one of their signature chants went: "Bread, freedom and social justice."

The campaign to clean up bread is, by the Islamists' own admission, an uphill struggle. Across the country of 84 million, some 500 non-governmental organisations have begun delivering bread in the past few months, not as an act of charity but to sidestep the problems in the existing system, said Ahmed Eissa, a top official in the Brotherhood's political arm, the Freedom and Justice Party. There is no detailed breakdown on who runs those groups, but if the Mediterranean city of Alexandria is anything to go by, the Muslim Brotherhood dominates.

DAILY BREAD: In Alexandria, as elsewhere, people complain that corruption hurts the quality of the bread they buy.

REUTERS/ASMAA WAGUIH

“The Brotherhood... don't trust state institutions... so they prefer to act by themselves.

Khalil al-Anani
Durham University

The government there has licensed 50 NGOs to deliver the state-subsidised loaves; around half have close links to the Brotherhood, according to a local Freedom and Justice Party official.

And it's not just bread. The Freedom and Justice Party has also sent out volunteers to check on the delivery of subsidised fuel and keep tabs on the wheat harvest.

Though any NGO can get involved, the initiatives play to the Brotherhood's strengths: the voluntary community

work the group has undertaken for decades and its capacity to out-organise its opponents on the street.

Gehad El-Haddad, a Brotherhood spokesman, says the group is playing the role of a "scaffold" for a failing state.

Critics say the initiative underscores the Brotherhood's shortcomings in government and is designed to paper over its failings.

"The Brotherhood are under pressure - the pressure of failure in running Egypt - and they are trying to confront it by focusing on everyday life problems," said Khalil al-Anani, an academic at Durham University in England and an expert on the group.

"They don't trust state institutions. They know there is a kind of resistance. So they prefer to act by themselves to maintain their popularity."

BLACK MARKET

With one in four Egyptians living below the poverty line of \$1.65 a day, millions depend on the loaves that sell for less than 1 U.S. cent per loaf – a state-regulated price unchanged since 1989 and equal today to a seventh of the real cost.

Bread is also a source of income for many of the people who jostle outside the bakery at dawn. Thousands resell small quantities of the tan-coloured, flat loaves known as "eish balady".

Bigger profits go to traders who wrangle enough bread to sell it in bulk to farmers, who find it cheaper to give to their livestock than animal feed.

The market for bread fuels crime in places such as Qabary, the run-down Alexandria neighbourhood where Gaber's NGO started delivering bread in April. Neglected by the state for years, it is an area where raw sewage gathers in the street and garbage piles high in the gutter.

Seeking to profit from the black



market in bread, a local clan managed to establish a stranglehold over the output of one state-run bakery opened in 2010.

A community-minded activist incensed by the scheme fought with them last August. In the violence, the activist – a strict Salafi Islamist – was shot dead in a mosque next door to the bakery. A gang member also died in the melee, stabbed with his own knife, locals say. Three people were jailed over the Islamist's murder.

The incident was an extreme example of the problems that afflict a supply chain riddled with corruption.

STOLEN FLOUR

Until recently, the system worked like this: state-run mills would deliver sacks of subsidized flour to bakeries run by both the government and private sector bakers. That flour was supposed to be used to produce decent-quality cheap bread for the masses.

Instead, much of the flour ended up being sold on the black market. Bakers complained that they were losing between 10 and 15 Egyptian pounds (\$1.40 - \$2.15) for every 100 kg of flour they turned into bread because the costs of production – fuel and manpower – outstripped the amount they got from selling the bread and the incentive paid by the state.

The problem has been difficult to police. Bakers sold loaves – frequently inedible because they were skimping on the flour – straight to the public. Poorly paid government inspectors had little motivation to fight leakage.

Ahmed Eissa, the Freedom and Justice Party official overseeing the countrywide effort to improve the bread supply, estimates 50 percent of state flour goes missing. The United Nations World Food Program puts losses across the subsidised bread system at 30 percent.

The supply ministry, which is now run by a Brotherhood minister, is trying to change things with a carrot-and-stick approach. The state now pays a bigger incentive to bakers for baking state-subsidised



DELIVERY MAN: Mohamed Gaber, a Muslim Brotherhood member, runs a bread distribution project in Alexandria. **REUTERS/ASMAA WAGUIH**

loaves. But it also threatens to fine them the full market price of any flour they are caught selling on the black market.

At the same time, it aims to curb bakers' control over bread sales, entrusting the task of delivery to provincial councils in some parts of the country and looking to NGOs in areas where councils are not up to the job.

DEALING WITH "THE MAFIA"

Mohamed Gaber's NGO is the only one to deliver bread in the Qabary neighbourhood. Its first deliveries were in April.

“I thought delivering bread would be easier than this.

Mohamed Gaber

Head of Brotherhood-backed NGO

Gaber, 44, is fairly typical of the people drawn to the Brotherhood, a banned but tolerated organisation for decades until Mubarak was ousted in 2011. A construction engineer with his own business, he joined the Brotherhood in 1989 and looks to Turkey and Qatar – where he lived for a decade – as models of what Egypt should aspire to.

His NGO, "Light of Egypt", was set up in 2011 following the revolution, part of a Brotherhood effort to formalise a division of labour between its political and social work.

"I thought delivering bread would be easier than this," he chuckles, reflecting on the troubles – bread theft, intimidation, verbal abuse – he has faced in the first two months.

Those problems are street-level examples of the issues the Brotherhood is struggling with across Egypt. There is deep suspicion about the movement's intentions and fierce

resistance from people worried about their own interests. In Qabary, that means the bakers and traders who profit from bread.

Gaber's day begins with a hostile reception from a gaggle of women crowded outside one of the bakeries his delivery team visits to collect loaves. This is always the most stressful part of the day, said Gaber, dressed in jeans and an open shirt and equipped with two mobile phones.

"They are going to kill our livelihood," shouted one woman in a purple head scarf and embroidered robe. The woman identified herself as Umm Ahmed, a mother of five. She said her family depended on the income she makes by delivering bread for tips. "We don't want Mursi!" screamed others, joining her in protest.

"You've got a mafia – people selling for animal feed – and you've got people who are dirt poor," said Gaber. He kept a safe distance as he waited for his team to finish loading the bread into the flat-back truck used for deliveries. Five weeks, into the scheme he had 650 "subscribers".

Wearing navy blue T-shirts printed with the NGO's name, the team head off into the neighbourhood, a residential and industrial area bisected by an antique tram.

The team blow a whistle to alert subscribers they are approaching. Baskets on ropes lower from shuttered windows ready to hoist the bread up.

Subscribers pay the subsidised price of the bread as well as a monthly delivery charge of less than a dollar. The fee covers delivery costs and the wages paid to a team of seven in the project.

The government has licensed Gaber and his team to deliver 10,000 loaves a day. But

30%

Proportion of state-subsidised flour disappearing into the black market

Source: World Food Programme

Gaber says ongoing corruption means he cannot get that many loaves to sell and has a waiting list of 200 families.

"You are dealing with people with their own interests and you are uncovering things they don't want uncovered," he said.

The bakers cite their own reasons for not cooperating.

One of them, Essam Khalifa, 40, says he fears the wrath of customers queuing outside.

Another, Hamdi Hamed, 34, says the Brotherhood may abandon the system after the next elections, likely to be held late this year or early next. "Everybody thinks it's because of the elections," he said. He also grumbles that the new incentive paid by the state still falls short of what bakers need to cover their costs, meaning black market sales will likely continue.

DEEP ROOTS

The government says the new policy is here to stay, and is part of wider reforms aimed at curbing waste and corruption in a system of subsidies that eats up 25 percent of all state spending, the bulk of it on fuels such as diesel.

Curbing that bill is one of the issues on the agenda of Egypt's talks with the International Monetary Fund for a \$4.8 billion loan programme to revive the economy.

Typically the world's biggest wheat importer, Egypt has cut back on wheat imports this year, banking on a bumper wheat crop to meet more of the country's needs. Boosting domestic wheat output is part of the Brotherhood plan. But even with a better harvest, international traders say the country will need to keep buying significant amounts to maintain minimum stock levels.

The government also plans to introduce smart cards to record consumption of subsidised fuel and food. With bread, they will keep track of how many loaves a bakery sells, and restrict the number any one person can buy.

The effort is led by Bassem Ouda, a Brotherhood member and, since January, the minister of Supply and Internal Trade.



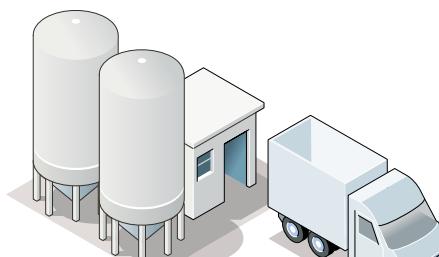
HOME HELP: The NGOs distributing bread believe they can cut corruption by dealing directly with their clients. **REUTERS/ASMAA WAGUIH**

Egypt's new bread recipe

CURRENT SYSTEM

State-run mills

Deliver subsidised flour to bakeries run by both the government and private sector. Flour is provided to produce decent-quality cheap bread for the masses.



Inspectors

Poorly paid and understaffed, state inspectors struggle to stop the corruption.



Rogue traders

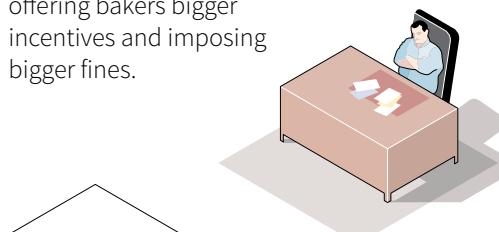
An estimated 30% of flour goes missing and is sold on black market.

Source: Reuters

NEW MEASURES

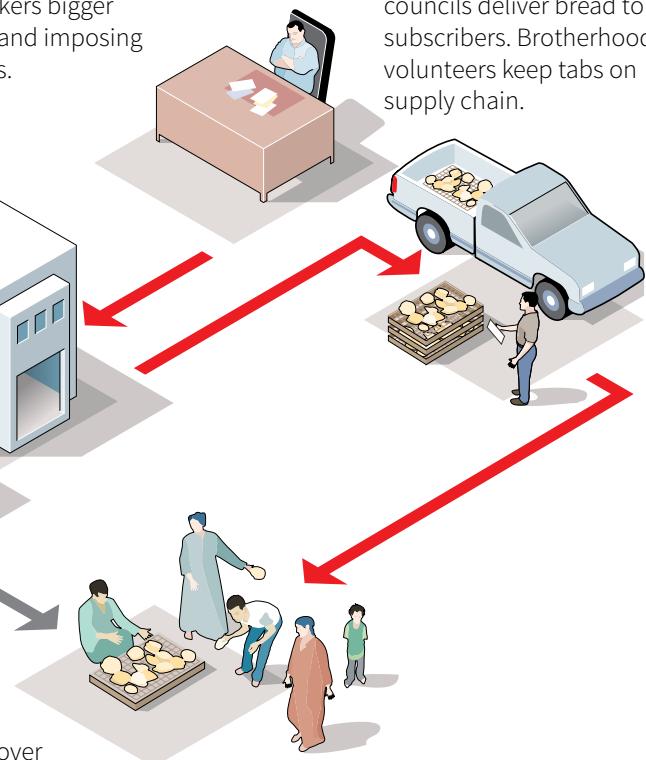
Government

Brotherhood-run supply ministry tries to curb corruption by offering bakers bigger incentives and imposing bigger fines.



Bakeries

Complain state incentives don't cover costs; skimp on flour making some bread inedible.



Extra eyes

Licensed by the government, NGOs and councils deliver bread to subscribers. Brotherhood volunteers keep tabs on supply chain.

While the idea for the bread delivery system predates Mursi's rule, Ouda's staff credit the minister with pushing it and other changes.

But opposition officials complain that the Brotherhood is using the ministry's resources to gain unfair advantage ahead of the parliamentary elections.

They say applications from Brotherhood-linked groups to deliver bread are fast tracked ahead of other groups. In May the governor

of Alexandria accused his deputy, Hassan el-Prince, a Brotherhood member, of giving preferential treatment to friendly NGOs.

The complaint triggered a protest in Alexandria against alleged attempts to "Brotherhoodise" the local administration. El-Prince has not commented on the accusations and could not be reached for this story.

Ahmed Salamah, a veteran activist with the leftist Tagammu Party, says the Brotherhood is too big to take on. Salamah

helps run a charitable group based in Qabary that had planned on helping with the bread distribution scheme. But it abandoned its licence application when it found the conditions too hard to fulfil.

"We can't compete because of our lack of capacities," said Salamah a 53-year old who recalls a time in the 1970s when the left was at the heart of Egyptian street activism and the Islamists were nowhere to be seen.

Ouda rejects any suggestion of advantage

and says improving services is "a goal superior to any political difference".

Mohamed Khalifa, the veteran supply ministry official responsible for Alexandria also dismisses talk that his department is being politicised. "I don't deal with the Brotherhood. I deal with paperwork," said Khalifa, a ministry employee for 33 years whose heavy smoking sets him apart from Brotherhood newcomers in the government.

SIGNS OF DISCONTENT

Yet even in the Islamist stronghold of Qabary, where the Brotherhood dominated elections during Mubarak's time, there are signs of discontent and suspicion. "The Brotherhood are liars" declares one slogan on a wall.

"They know how to extend their arms,

like an octopus, in all positions, in all places," said Mohamed Habib, a 42-year old Qabary resident. Leaning from his window as Gaber's delivery truck passes by, he describes the service as "trickery".

That has not stopped his sister, Rabha Moussa, from signing up for daily deliveries that save her queuing for bread at 6 a.m.

Faced by the scale of the problem, some Freedom and Justice Party officials say volunteer monitors should even be given the power to arrest anyone corrupting the system.

Gaber laughs off the criticism. "The people say a lot of things. Octopus or not, the important thing at the end of day is what gets done," he said.

In his office he produces a file of paperwork needed to secure official permission to

deliver bread, a two-month long process that involved gathering signed forms from all his subscribers and photocopies of their ID card.

"There is nothing shameful in the fact that we worked hard. It's not a question of monopoly, it's a question of action."

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HEAVY LIFTING: Gaber's project in Alexandria employs a small team of workers who go from street to street. **REUTERS/ASMAA WAGUIH**