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Egypt's Takaful and Karama Cash Transfer Program

Evaluation of Program Impacts and Recommendations

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Egypt has been providing cash to poor households through its first conditional cash transfer program, Takaful and Karama, a social protection program run by the Ministry of Social Solidarity (MoSS), since March 2015. Takaful (“Solidarity”) supports poor families with children under 18, while Karama (“Dignity”) supports the elderly poor and people living with disabilities. The cash transfer program has enrolled 2.25 million families across all of Egypt’s governorates. The amount of the Takaful cash transfer provided to households depends on the number of children and their school level. The Karama program provides a set amount per individual. In order to reach the poorest households, participants are selected using a proxy means test. In the Takaful program, 89 percent of recipients are women, while only 11 percent are men. Beginning in 2018, Takaful will also begin implementing conditionalities, requiring households in the program to ensure their children attend school and participate in health screenings, added to antenatal care for pregnant women and post-natal care.

The Takaful and Karama program was evaluated by the International Food Policy Research Institute (IFPRI) using both quantitative statistical methods (simple questions asked to many households during a survey) and qualitative methods (more in-depth questions asked to fewer households in longer interviews) (Box 1). The evaluation was designed to measure and explain the impacts of the cash transfers on household welfare, and to examine whether the program’s criteria for household selection were effective in identifying poor households. This brief, which focuses on the Takaful component of the program, summarizes the main findings from the evaluation and key recommendations.

BENEFICIARIES REPORT THAT PROGRAM IMPLEMENTATION WORKS WELL.

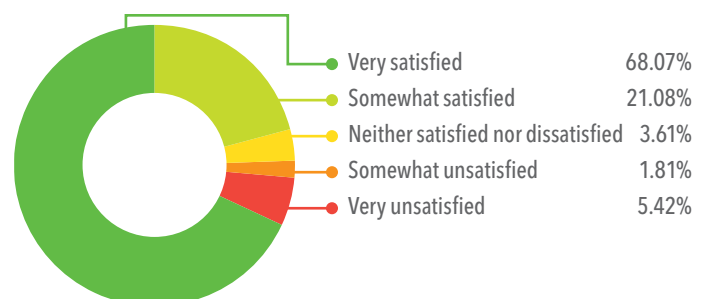
Sixty-eight percent of the program beneficiaries of Takaful and Karama are very satisfied with the program, and 89 percent are either very satisfied or somewhat satisfied (Figure 1).

BOX 1 Evaluation methodology

For the quantitative evaluation, a statistical method called regression discontinuity (RD) was used. The quantitative study surveyed a random sample of 6,541 households in 22 governorates from among all households that registered for Takaful and Karama with proxy-means-test scores near the threshold for inclusion. An additional 1,692 households were surveyed from a separate nationally representative sample for households with children to measure how well the program reached the poor. The qualitative component helps to explain and provide context for the quantitative findings. IFPRI’s team conducted 61 semi-structured interviews, facilitated focus groups with 76 individuals, and held 8 community profile interviews in 6 different governorates. This brief focuses on findings describing additional effects of Takaful on poor households, achieved through a comparison between ultra-poor households—which were not included in the quantitative evaluation—and households near the threshold.* The evaluation also looked at Takaful’s impact on intrahousehold decision making. Evaluation of the Karama program was complicated by the smaller sample size and a change made in the threshold for inclusion during the study period, which prevented measurement of the impacts of Karama transfers. More information can be found in the full report.

* Ultra-poor households are those with PMT scores below 3900; threshold household scores range from 3900 to 5100. While levels differ, ultra-poor households generally have per capita expenditures of EGP100–300; threshold households have per capita expenditures of EGP400–600.

FIGURE 1 Program satisfaction with Takaful and Karama



About 93 percent of transfer recipients in the study stated that they had faced no difficulties in receiving the transfers. Most people were satisfied with the registration process, and about two-thirds of applicants reported no problems at all in this process. Long lines for registration were the most common issue reported and then, a distant second, difficulty in getting the correct documentation. However, the survey data also show that only 2.5 percent of beneficiaries were aware that conditions would be added for continuing to receive the transfers, reflecting the limited information that has so far been shared about the planned conditionalities.

In the qualitative study, some people reported that poor understanding of the program’s eligibility criteria creates social tensions in the community. There are also a few complaints that some employees in the local MoSS social unit did not look at individual cases carefully or did not act impartially in processing the registration forms.

TAKAFUL IMPACTS AND TARGETING

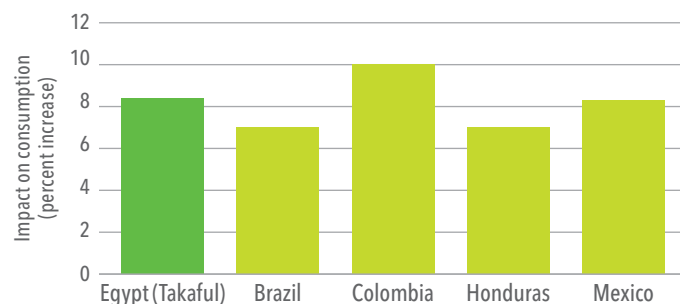
IMPACTS ON HOUSEHOLDS’ CONSUMPTION ARE POSITIVE AND HELPED THE POOR TO COPE WITH RISING PRICES.

The quantitative analysis showed that Takaful beneficiary households increased their consumption by 8.4 percent, based on comparison with households that did not receive the transfers. This means that the Takaful beneficiaries are using a significant share of the transfers for consumption. The qualitative analysis suggests that most of the spending not reported for consumption was likely used to make payments for store credit, installment payments, *gam’eya* (rotating credit groups), and debt repayments. Ultra-poor households were most likely to mention debt repayments. The qualitative analysis also suggests that for ultra-poor households and households near the poverty threshold the perceived impacts of the transfer were similar, with a few exceptions mentioned below.

The impact on consumption in Egypt is comparable to other successful cash transfer programs, including programs in Brazil, Colombia, Honduras, and Mexico, where recipient households’ spending increased by 7 to 10 percent (Figure 2). However, while the Takaful transfers played an important role in helping poor households to maintain consumption in the face of rising prices, the evidence suggests that the program was less effective in helping households climb out of poverty. Among the study’s sample of households with incomes near the poverty line (US\$1.90 per day), the program reduced the probability of a beneficiary household living in poverty by about 11 percent; impacts were likely smaller for poorer households.

THE PROGRAM IMPROVES THE QUALITY OF DIETS. A diverse diet is critical for good nutritional status and for reducing the double burden of malnutrition in Egypt—the presence of overweight adults and malnourished children in the same household.

FIGURE 2 Comparison with other conditional cash transfer programs



The share of Egyptian adults who are overweight or obese is among the highest in the world. Shifting diets from cheap but calorie-rich foods such as bread and sugary foods toward more fruit, vegetables, meat, and fish could contribute to healthier and more productive lives and improve children’s physical and mental development. Both the quantitative and qualitative analyses showed that Takaful produced a greater increase in food spending than in nonfood spending, with households spending more on fruit, meat, and poultry.

TRANSFERS ARE USED FOR SCHOOLING EXPENSES. Takaful increased household spending on school supplies and transportation to school, according to the quantitative evaluation. In the qualitative evaluation, participants emphasized that education is highly valued, but that the cost and necessity of tutoring is a major barrier to their children’s education.

“I told her father we want them to finish their education, because I don’t want them to grow up like us where they don’t understand the world and what’s happening in it.”

Female ultra-poor beneficiary from Kafr El Sheikh

Many households in the qualitative study, especially ultra-poor households, reported spending part of the transfer on tutoring.

“They all [boys and girls] need private tutoring. They’ve been taking lessons for 2 years now. [...] The teachers here force the kids to take private lessons or else they won’t let them pass.”

Male ultra-poor beneficiary from Menoufia

IMPACTS ON YOUNG CHILD NUTRITION AND HEALTHCARE.

The nationally representative part of the household survey found considerably lower rates of stunting and wasting than estimates from recent Demographic and Health Surveys. This finding should be further explored, as it has important implications for nutrition policies and investments in Egypt. In terms of Takaful’s

TABLE 1 Program targeting

	Poorest 20%	20-40%	40-60%	60-80%	Richest 20%	Total
Monthly average expenditure per capita (children counted as 0.3 of an adult), before transfers (EGP)	421.9	669.1	846.0	1101.9	1984.1	995.3
Share of households in quintile receiving Takaful	20%	10%	7%	6%	2%	9%
Share of Takaful beneficiaries in quintile	45%	22%	16%	12%	5%	100%

impacts on nutrition, the program increased weight-for-height z-scores (WHZ), which measure short-term nutritional status for children under the age of two. Such impact is rarely found in studies of transfer programs and can be considered positive as long as it does not lead to overweight in children.

The qualitative evaluation found that household spending for healthcare is high, largely because public services are inadequate or unavailable and families resort to private clinics.

IMPACTS ON WOMEN’S CONTROL OVER DECISION MAKING ARE MIXED. Giving the transfer to women is not necessarily sufficient to ensure that women make the decisions about how to spend that cash. Quantitative estimates show a negative impact of Takaful transfers on empowerment, based on an index of women’s control over decision making, particularly among households in Lower Egypt and among households where the woman has less than primary education. The qualitative study found evidence that the Takaful transfers have empowered some women, but also pointed to the multiple influences on women’s decision making. In general, the perceptions of targeting Takaful transfers to women are mainly positive or neutral among both men and women.

“It’s good this way [that the transfers are going to women]...the State’s caring for me... In other words, it’s given me dignity.”

Female focus group discussion participant from Cairo

PROGRAM TARGETING EFFICIENCY MET THE ORIGINAL GOAL, BUT THERE IS ROOM FOR IMPROVEMENT. Sixty-seven percent of Takaful beneficiary households had consumption levels (before the program transfers) that placed them in the lowest two quintiles of households with children. If all households in the lowest two quintiles are considered poor, this would exceed the program’s original goal of ensuring that at least 60 percent of beneficiaries are poor. But the evaluation also found that a large proportion of the poor are not benefiting from the program—only 20 percent of households in the poorest quintile are receiving Takaful transfers (Table 1). This low coverage rate is primarily attributable to the program’s budget limitations.

Targeting efficiency benefited from self-selection, with poorer households more likely to apply, and the geographic rollout of outreach efforts, which started with campaigns in the poorest areas of the country. Based on the acceptance rates for each quintile, if households from across the income distribution had applied at equal rates—that is, without self-selection and the targeted rollout—only 55 percent of beneficiaries would have been drawn from the lowest two quintiles. Takaful coverage particularly needs improvement in urban areas, where only 9 percent of households in the poorest two quintiles are Takaful beneficiaries, compared with 18 percent for rural areas.

POLICY RECOMMENDATIONS

- 1. CONTINUE TO FUND THE PROGRAM AND EXPAND COVERAGE.** The program is making a positive difference in the lives of poor beneficiaries—the transfers are being received without difficulty and have helped households increase spending that could contribute to health, education, and overall well-being. However, many of the ultra-poor are not being reached. Expanding coverage to reach these households should be a priority.
- 2. IMPROVE TARGETING TO INCREASE PARTICIPATION OF EXCLUDED POOR HOUSEHOLDS, ESPECIALLY IN URBAN AREAS.** Ultra-poor households have been excluded primarily because they did not apply for the program. Strategies should focus on getting these households to apply and addressing restrictions that may exclude qualified households. Potential program changes to increase participation of poor households include:
 - Improving outreach for registration in poor areas, particularly urban areas, possibly using social workers (*raedat*), health units, or NGOs.
 - Updating and improving the use of the proxy-means-test formula.
 - Reconsidering the exclusion restrictions, such as having insurance, which can disqualify the poorest applicants.

3. **IMPROVE COMMUNICATION AT THE LEVEL OF THE LOCAL MOSS OFFICES.** Better communication about program conditionality, program length, and recertification could clarify expectations among beneficiaries and non-beneficiaries and improve trust in the government and among communities. If inflation continues, an increase in transfers should be considered. In that case, a clear message that the transfers will be adjusted in line with prices would increase the perception that the program provides a reliable safety net.
4. **WORK TOWARD A COMPREHENSIVE SOCIAL PROTECTION STRATEGY.** A comprehensive, multisectoral strategy would continue to protect the poor and contribute to longer-term development goals, such as improved health and educational outcomes. Possible approaches include:
 - Coordinating with the Ministry of Education to make sure that schools have the capacity to increase enrollment and education quality, and reviewing strategies to reduce the prevalence of excessive tutoring costs, especially in secondary schools.
 - Coordinating with the Ministry of Health and Population to improve public health facilities and services, including family planning and nutrition; and considering de-emphasizing the Takaful conditionality requiring child health monitoring until there is greater clarity on the prevalence of child malnutrition and until healthcare workers are adequately trained to provide accurate measurement and advice regarding child nutrition.
- Exploring synergies with the Ministry of Supply and Internal Trade on database management and sharing positive lessons from Takaful and Karama that may be relevant for the food voucher system, especially related to targeting.
5. **INCREASE TRANSPARENCY IN THE BENEFICIARY SELECTION PROCESS.** Current concerns about the selection process could be addressed by exploring and implementing mechanisms for community-based feedback on targeting decisions and increasing transparency and communication at the level of the local MoSS offices regarding the status of applications.
6. **EXPLORE ADDITIONAL MEASURES TO PROMOTE WOMEN'S DECISION MAKING WITHIN HOUSEHOLDS,** for example through public awareness campaigns. Such measures would complement the policy of giving Takaful transfers to women—which is viewed positively and is sometimes empowering, but on its own is insufficient to broadly increase women's decision making in the household.
7. **CONTINUE TO SURVEY AND EVALUATE THE PROGRAM.** Continued evaluation could provide additional guidance for program implementation by assessing the impact of the planned Takaful conditionalities on schooling and health outcomes and further exploring the reasons why women reported lower influence on household decision making, including by looking at other countries' experiences. With the data from this first evaluation serving as the baseline survey of the initial program, such a follow-on study could also capture the longer-term impacts of the Takaful and Karama program.

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