Introduction

In recent years, numerous Arab countries, such as Jordan and Mauritania, have either reduced or altogether abolished subsidies for a broad range of basic consumption goods, including staple foods, electricity and fuel. The resulting budget savings have been – at least partially – rededicated to social protection-related expenses. Three Arab countries, namely Egypt, Mauritania and Morocco, have opted to repurpose a portion of the available funds to initiate poverty-targeted cash transfers, but with specific conditions that enrolled households must adhere to as a precondition to receive the cash transfers.

In Egypt, the Government has started phasing out regressive energy subsidies and some subsidies on food items, while introducing targeted forms of social assistance. In 2015, the flagship cash transfer programme Takaful and Karama was launched, and by March 2023 it had expanded to cover almost 4.5 million beneficiary households, or 13.5 per cent of the national population.
Box 1. Takaful and Karama conditional cash transfer programme

Takaful (meaning “solidarity”) is a conditional cash transfer (CCT). Beneficiaries receive monthly transfers contingent upon their children (aged 6 to 18) achieving 80 per cent or above of school attendance, upon attending four visits a year to health clinics (for mothers and children below 6 years), and upon mothers maintaining child growth records and attending nutrition awareness sessions.*

Households receive a base benefit of 406.25 Egyptian pounds (EGP), plus cash dedicated for a maximum of two children per household at the cash threshold of EGP 75 per child of pre-school age, EGP 100 per child attending primary education, EGP 125 per child attending preparatory education, and EGP 175 per child attending secondary education. Recently, Takaful has also been extended to support poor university students. Karama (meaning “dignity”) is an unconditional cash transfer providing monthly cash transfers of EGP 562.5 to poor older persons (above 65 years old), to persons with disabilities (at a maximum of three elderly/disabled cases per household), and to the value of EGP 437.5 to orphans (at a maximum of three orphan cases per household).

The cash transfer programme mitigates poverty, increases the human capital of beneficiary households, and empowers women (nearly 75 per cent of payments are made to mothers). The programme has increased food and household consumption and spending on education among beneficiaries; and has raised weight-for-height scores and reduced malnourishment in young children.

The Forsa (meaning “opportunity”) and Mastoura (meaning “satisfied needs”) schemes complement the cash transfers to ensure economic inclusion through job placements, asset transfers, training and skills development.

* In the second half of 2022, the Ministry of Social Solidarity was exploring options to introduce a conditionality aimed at reducing early marriage for girls.
General rationale for designing conditionalities as part of cash transfers

In CCT programmes, the payment of transfers is subject to compliance with conditionalities linked to human capital accumulation. These usually require that children in enrolled households attain a minimum school attendance rate, and/or that mothers and/or children should undertake regular health check-ups. The underlying concept is that if children are healthy and receive at least a basic education, they are more likely to become economically autonomous and prosperous later in life. While the cash component of CCT programmes often serves only to alleviate poverty and smooth consumption in the short term, the conditionality component aspires to break the intergenerational poverty cycle.

CCTs are particularly effective in contexts marked by underinvestment in human capital at the household level: for instance, if families do not use social services, such as schools or health care, even though these are available, accessible and of adequate quality. Underinvestment can have various causes, such as low awareness levels of the positive returns to education and health.

In Egypt, school attendance and completion rates are quite high, but there are stark differences between income groups. In 2017, the respective primary education completion rates among the poorest and richest quintiles were 90 and 97 per cent for primary education, 71 and 92 per cent for lower secondary education, 63 and 88 per cent for upper secondary education, and 6 and 59 per cent for tertiary education (figure 1). This suggests that there may be a degree of human capital underinvestment among the poorest group (the group targeted by Takaful and Karama). Since the gap is particularly wide for the more advanced education levels, it is appropriate that Takaful should provide higher benefits for them, and that the programme has recently been extended to university students.

Evidence from other regions, especially Latin America, suggests that cash transfers can be an effective way of increasing school attendance and health-care utilization. However, evidence of the longer-term impacts, such as learning and employment outcomes, is more uneven and strongly related to the quality of social service provision.

Figure 1. Education completion rates, 2017

<table>
<thead>
<tr>
<th>Level</th>
<th>Poorest quintile</th>
<th>Richest quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>90</td>
<td>97</td>
</tr>
<tr>
<td>Lower secondary</td>
<td>71</td>
<td>92</td>
</tr>
<tr>
<td>Upper secondary</td>
<td>63</td>
<td>88</td>
</tr>
<tr>
<td>Tertiary</td>
<td>6</td>
<td>59</td>
</tr>
</tbody>
</table>


Readiness for conditional cash transfers in Egypt

Introducing conditionalities into cash transfer programmes is not without risks, and could potentially lead to dissatisfaction on side of the beneficiaries and of the implementers. It is therefore essential to ensure that key design and implementation conditions are met. As illustrated in the table below, Egypt has shown that it meets a number of these conditions. Nevertheless, additional efforts are needed to ensure that the supply of social services, especially in the health sector, keeps pace with the added demand, and that their quality is sufficiently high to generate the desired long-term impacts.

1 Luca Pellerano and Valentina Barca, The conditions for conditionality in cash transfers, International Policy Centre for Inclusive Growth, 2016.
<table>
<thead>
<tr>
<th>Prerequisites for introducing conditionalities</th>
<th>Takaful and Karama status description</th>
<th>Prerequisite achieved or is still in progress?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear and strong linkage between “desirable” behaviours and objectives</td>
<td>The Ministry of Social Solidarity has devised clear policies towards which behaviours need to be targeted (school attendance and maternal and child health checks) to meet the Government’s long-term goals of human capital accumulation, and to reduce inequalities in utilization of social services.</td>
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<td>Consideration of other “mild” forms of conditionality and realization that they are ineffective</td>
<td>Takaful has effectively been operating on the basis of soft conditionalities since 2015, but human capital development outcomes still require additional efforts.</td>
<td>✓</td>
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<td>Well-developed supply of public services</td>
<td>Substantial gains in education and health service provision were made, but considerable challenges remain in terms of service quality and regional differences in accessibility. Wide-reaching reforms aiming to modernize the education system are ongoing since 2018. A framework law aimed at universalizing health insurance was introduced in 2019, and is in the process of being implemented.</td>
<td>🔄</td>
</tr>
<tr>
<td>Sufficient capacity for scaling up public services provision</td>
<td>Expenditures on education and health are comparatively modest compared with international levels. There is an increasing deficit of teachers and classrooms. This may negatively affect the quantity and quality of services, and hinder the capacity for scaling up.</td>
<td>🔄</td>
</tr>
<tr>
<td>Households can satisfy basic needs and can spend additional money on “desirable” behaviours</td>
<td>A 2018 evaluation found that the overall consumption of Takaful beneficiary households increased by 7.3–8.4 per cent, and that the probability of them living in extreme poverty decreased by 11 per cent owing to the cash transfers. It also showed that Takaful increased families’ spending on education (school transport, supplies and tutoring) and on children’s nutrition.</td>
<td>✓</td>
</tr>
<tr>
<td>Reasonable costs for monitoring compliance</td>
<td>Given Takaful’s medium-term to long-term perspective (not a one-off effort) and considering the current labour-intensive manual procedure to record beneficiaries’ compliance with health-related conditionalities, additional investments in a digital recording and reporting system (box 2) at the level of health services could be justified.</td>
<td>🔄</td>
</tr>
<tr>
<td>Sufficient budget for implementation and streamlined compliance monitoring</td>
<td>The Takaful and Karama programme is institutionalized as a national programme with fiscal allocations earmarked annually and increasing over time in the budget. The allocation for the financial year 2022–2023 has increased to EGP 25 billion.</td>
<td>✓</td>
</tr>
<tr>
<td>Political feasibility</td>
<td>Strong political support, with the Government’s commitment and ownership, has been proved through regular and increasing budget allocations.</td>
<td>✓</td>
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</table>

Source: Compiled by ESCWA.
Note: The information in the table was valid as at the second half of 2022.
As indicated in the table above, the Takaful and Karama programmes placed a number of key preconditions in place, which should contribute to a smooth roll-out of conditionalities. However, some preconditions (digital monitoring of health conditionalities and quality of social services) are still under development. Against this backdrop, a phased introduction of conditionalities (for example, prioritizing regions where quality social services are readily accessible) could be an option to partially start the roll-out of conditionalities, while improving preconditions where these are not yet fully established.

Monitoring conditionalities

Monitoring conditionalities and sanctioning non-compliance is a key mechanism of CCT programmes. Monitoring includes assessing progress of implementation plans, analysing compliance data, and taking appropriate actions. Monitoring should consider any local adaptation of conditionalities and local supply infrastructure. A robust monitoring system must also assess whether any vulnerable groups, such as women or girls, respond differently to conditionalities.

Integrated management information systems are the most cost-effective and efficient approach to monitoring compliance. The development of these systems, however, requires concerted multisectoral coordination. As a result, only a handful of countries, such as Turkey, have developed such systems. In the absence of such a system, the education and health sectors’ own management information systems can be used to track compliance. Unfortunately, in many countries, these systems are incomplete, fragmented or non-existent. Therefore, compliance is generally documented in the cash transfer programme’s own management information system. It is important to guarantee that schools and health centres have access to the programme’s information system, so that compliance is recorded at the point of service delivery.

Figure 2. Flow of conditionality compliance monitoring via the Integrated Social Assistance Information System

CCT Payments in Turkey

**Monitoring education conditions**
- Beneficiary goes to school
- Teachers enters absenteeism data to e-school database
- ISASIS imports absenteeism data for beneficiaries
- Those who attended >80% days are exported to payment file

**Monitoring health conditions**
- Beneficiary goes to hospital
- Administrator enters visit details to e-health system
- ISASIS Imports visits data for beneficiaries
- Those who meet the required number of checks are exported to payment file

- Payments are calculated on the basis of eligibility and conditionality data
- An informative SMS is sent to each beneficiary
- Place, time and amount of withdrawals are imported to ISASIS

Source: Compiled by ESCWA based on presentations made at the Social Protection Peer-Exchange Meeting: Effective Implementation of Conditional Cash Transfer Programmes, 1 and 2 August 2022.
Box 3. Role of social workers in the Seguridades y Oportunidades programme of Chile

Seguridades y Oportunidades was created in 2012. It supports the most vulnerable people, including families living in extreme poverty (the poorest 40 per cent). It provides comprehensive support, services and benefits, as well as CCTs (Ingreso Ético Familiar) for a period of between one and three years.

Box 2. Interoperability for compliance monitoring in Turkey

Turkey has successfully implemented CCT programmes since 2003. They aim to improve education and health-care access, especially for women and girls. Key to the programme’s success is an integrated management information system, the Integrated Social Assistance Information System (ISASIS). ISASIS integrates data from 28 different public institutions and 120 web-based services in an online portal (figure 2). Previously, all procedures were paper-based and created inefficiencies and low-quality information.

Health conditionalities (visits to health centres during pregnancy, giving birth in hospital, and health checks for children under 5) are monitored by means of data pulled from the e-health system, where records are automatically entered when beneficiaries visit hospitals. Education conditionalities (school enrolment, attendance and grade completion) are monitored through a fully web-based software. Data from the education sector rely on teachers inputting the relevant data, therefore ongoing efforts are directed towards awareness raising of the programmes among educators.

Source: Compiled by ESCWA based on presentations made at the Social Protection Peer-Exchange Meeting: Effective Implementation of Conditional Cash Transfer Programmes, 1 and 2 August 2022.

Role of social workers in conditional cash transfer programmes

Social workers play key roles in communicating with beneficiaries and monitoring compliance. Social workers need to regularly communicate programme objectives and the consequences of non-compliance to beneficiaries. Programmes should respond to a non-compliance situation with a detailed local assessment and social support mechanisms. Social workers are in the best position to provide evidence on local conditions and family circumstances. A sufficient pool of social workers needs to be available to enquire about the reasons for non-compliance, as non-compliance is often due to obstacles in accessing services rather than an unwillingness to comply. In many instances, an effective solution means tackling access bottlenecks, which may be greater for some vulnerable groups.

There is ample evidence that CCTs best meet their objectives when they are embedded in a network of additional services coordinated by social workers. For this role, social workers need to be well trained, trusted by local communities, and have a good understanding of case management by matching the needs of families and households with available services. For example, Chile has established an extensive network of individual, family and community services and interventions, which are crucial to the success of its CCT programme (Ingreso Ético Familiar).
Approximately 2,500 professionals, mostly social workers and psychologists, support 56 beneficiary families on average. Their overall objective is to empower families and help solve bottlenecks in service provision. Social workers do not have any administrative roles with regard to enrolment in the Seguridades y Oportunidades programme, for example, but focus their efforts on interventions thereby maximizing their professional skills. The following three main groups at the local level are responsible for implementation:

- Family agents: support families in designing so-called family development plans.
- Family support professionals: follow up and accompany families to bring the plan to fruition.
- Community agents: manage families’ access to local and referral services.

Social workers’ performances are assessed twice a year, and those with poor results are not retained. More experienced social workers are deployed to the most challenging families.

Source: Compiled by ESCWA based on presentations made at the Social Protection Peer-Exchange Meeting: Effective Implementation of Conditional Cash Transfer Programmes, 1 and 2 August 2022.

**Recommendations for phasing in conditionalities in Egypt**

**Recommendation 1: Ensure that beneficiaries are fully informed about the nature and purpose of conditionalities.**

- Consider implementing conditionalities firstly where awareness is highest (such as the Sharqia Governorate), and lastly where awareness is low (figure 3).
- Pursue awareness-raising activities via phone messaging services to beneficiaries, highlighting the relationship between non-compliance and reduction of benefits. These activities are to be targeted specifically at areas with low levels of awareness (such as the Suhag Governorate).

**Recommendation 2: Endeavour to understand and overcome the reasons behind non-compliance.**

- Freeze the enforcement of conditionalities if establishing the reason behind repeated non-compliance proves challenging, such as an insufficient number of social workers.

**Recommendation 3: Ensure an adequate supply of human resources, notably community/social workers.**

- Consider postponing the enforcement of conditionalities in areas where the ratio of beneficiary households per social worker is unsustainable (more than 120 households per community worker in urban communities, or more than 80 households per community worker in rural regions).
- If fiscal space can be found, increase the remuneration and improve the working conditions of community workers to facilitate recruitment and retention (ensure individual transport/mobility of community workers).
- Consider mandatory tertiary education for community workers to ensure they are adequately skilled and knowledgeable when interacting and inquiring about non-compliance issues.
**Recommendation 4:** In case of non-compliance, withhold only a part of the benefit and clearly inform beneficiaries of the reasons.

- Consider introducing sanctions in the form of benefit cuts that are directly linked to a specific instance of non-compliance (for instance, insufficient school attendance) rather than defined as a fixed percentage.
- Communicate with beneficiaries (for example, via phone messaging) about the link between specific non-compliance and the related proportional reduction in payouts.

**Recommendation 5:** Enhance interoperability to improve collection of compliance data.

- Prioritize efforts to enhance coordination between the Ministry of Social Solidarity and the General Authority for Healthcare, and with the Ministry of Health and Population.
- Digitalize data intake and data sharing between government bodies to shorten the compliance verification cycle.

**Recommendation 6:** Consider a gradual geographical roll-out of hard conditionalities.

- Assess the operational readiness of individual governorates on the basis of certain criteria, such as availability of social services, a sustainable ratio of community workers per beneficiary, and beneficiary awareness of conditionalities.