

CCT are effective programs that can provide immediate cash relief and various unified social interventions for the very poor in rural Upper Egypt.

Conditional Cash Transfers: Conditioning for Empowerment

Egypt Network for Integrated Development

Policy Brief 007

Conditional Cash Transfers: Conditioning for Empowerment¹

Abstract: Conditional Cash Transfers are effective programs that can provide immediate cash relief and various unified social interventions for the very poor in rural Upper Egypt, while developing human capital formation for beneficiaries.

Need

The challenges of poverty in Egypt are immense. A Poverty Assessment Report on Egypt issued in 2007 indicated that poverty increased from 16.7% to 19.6% between 2000 and 2005. Furthermore this poverty was concentrated in rural Upper Egypt, with almost 66% of the extreme poor living in that region. The poorest villages, located in the governorates of Menia, Sohag and Assiut, had an average poverty rate of 52%. The poorest 100 villages, all concentrated in Sohag, had an average poverty rate of 77%. Illiteracy rates in the poorest 100 villages reached 41% and basic service delivery (health clinics, police and ambulance service, government hospitals) were severely lacking.²

More recent official figures indicate that Egypt's poverty rate has increased in recent years, reaching an average of 25.5% in 2010/2011, compared with 21.6% in 2008/2009. Poverty continues to be particularly prevalent in rural areas, where 69% of the population is below the poverty line.³ Conditions have worsened since the 2011 revolution, leaving those who were already suffering extreme poverty even more vulnerable.

Various social programs and interventions have been implemented in Upper Egypt by private organisations, civil society and government in an attempt to alleviate poverty. These include micro-lending, infrastructure upgrade, health and education service delivery and capacity building. However, they have had limited success due to a piecemeal rather than an integrated unified approach, lack of supportive administrative infrastructure (particularly in decentralisation reliant projects), and due to a targeting approach that does not necessarily reach the poorest households. Moreover, rather than empowerment, the majority of these programs perpetuate dependency on the state for welfare.⁴ The *1000 poorest villages* initiative by the government in 2007-9 attempted to provide integrated and complementary services in the poorest villages to improve living conditions. However, key elements such as lack of human capacity, inability to reach the poorest households and a centralized approach limited the outcomes of the program.

And amidst growing economic constraints, Egypt's subsidy program has continually been criticised for its ineffectiveness to alleviate poverty. In 2006/07, the total amount of subsidies amounted to almost 7.9% of GDP, and despite this, studies showed that the system was not targeting those it should.⁵ Subsidy expenditures in 2012 were almost 10% of the GDP, with more than two-thirds of subsidy expenditures

¹ This policy brief is based on a paper by Hania Sholkamy, presented to the African Development Bank entitled *Social Policies are the Missing Intervention*. It was developed as a chapter in a series of papers on Social Policies Affecting Communities in Rural Upper Egypt for the Egypt Network for Integrated Development (ENID).

² MOE and WB (2007), *Arab Republic of Egypt: A poverty Assessment Report, Volume II*, Cairo, June 2007

³ Abo Alabass, Bassem (September 3 2013) *Egypt to revive cash transfer programme to help poor families*. Ahram Online.

<http://english.ahram.org.eg/NewsContent/3/12/80734/Business/Economy/Egypt-to-revive-cash-transfer-programme-to-help-po.aspx> Accessed November 2013.

⁴ Sholkamy, Hania (2013) *Social Policies are the Missing Intervention*. Chapter in a series of papers on Social Policies Affecting Communities in Rural Upper Egypt for the Egypt Network for Integrated Development (ENID).

⁵ UNDP/INP (2008), *Egypt Human Development Report 2008: Egypt's Social Contract: The Role of Civil Society*, Cairo.

going to fuel, mainly benefiting transportation and industry, with the rest directed largely toward food subsidies. There is general agreement that social safety net instruments, which better target the poor, in particular, cash transfers and other forms of direct income support are more cost effective.⁶

ENID Approach

Conditional Cash Transfer (CCT) programs are designed to alleviate and break the poverty cycle by providing direct cash transfers to families based on their fulfilment of certain conditions. These conditions vary according to program design but are closely tied to children's education, health and nutrition in an effort to support the upcoming generation and develop their human capital. There have been CCT programs in Mexico, Chile, Ecuador, Brazil as well as several other countries, aimed at the chronic poor, with very successful results. The idea behind CCT is that while conditioning the receipt of cash and services with certain obligations, this will change the overall behaviour of the targeted households to continue with these conditions even after the cash transfers have ceased.

The ENID approach is based on a CCT program which was piloted in Ain el Sira, a Cairo slum. The program was a joint initiative between the Social Research Centre at the American University in Cairo, and the Ministry of Social Solidarity. It began in March 2009, and was expanded in 2010 to 65 Upper Egypt villages in Assiut and Sohag. Activities ceased with the January 2011 revolution.

The program was the first of its kind in the Arab world, and undertook extensive qualitative and quantitative research for 2 years before its implementation. The Egyptian design of the program included the cash transfer component of similar programs, as well as the element of social worker and community initiatives support, that were particular to the successful Chilean CCT program. It targeted a total of 160 families in Ain el Sira, with a focus on mothers and female headed households with school aged children. Families received cash from the government based on minimum school attendance, regular visits to health clinics, child nutrition and attendance of awareness raising sessions on finance and family health. The program had an explicitly feminist design that tried to take into account gender critiques of other programs that had been implemented internationally. Women were compensated for time spent fulfilling program conditions and female children received more cash to stay in school than their male counterparts to combat the gender school enrolment gaps.⁷

ENID aims to implement the CCT program in rural Upper Egypt, applying lessons learnt and recommendations produced by the Ain el Sira case study, to reduce the impact of poverty on the poorest villages.

Results

Internationally, CCT programs have proven to have a direct impact on increased education enrolment, enhanced child and youth nutrition, and increased household consumption.⁸ A study conducted in 7

⁶ UNDP/INP (2008), *Egypt Human Development Report 2008: Egypt's Social Contract: The Role of Civil Society*, Cairo. and IMF (May 2012), *Costly Mideast Subsidies Need Better Targeting*. <http://www.imf.org/external/pubs/ft/survey/so/2012/car051412b.htm> Accessed November 2012; and Isobel Coleman (April 6, 2012), *Reforming Egypt's Untenable Subsidies*. <http://www.cfr.org/egypt/reforming-egypts-untenable-subsidies/p27885>. Accessed November 2012.

⁷ Anon. (2011), *Case Study: Conditional cash transfers in Egypt*. Pathways of Women's Empowerment RPC, Brighton, UK. <http://r4d.dfid.gov.uk/Output/189101/>. Accessed November 2013 and Department for International Development (DFID) (2010), *Case Study: Improving the lives of girls and women in the world's poorest countries*. <https://www.gov.uk/government/case-studies/dfid-research-conditional-cash-transfers-pilot-scheme-in-rural-egypt>. Accessed November 2013

⁸ Handa, S. Davis, B.(2006), *The Experience of Conditional Cash Transfers in Latin America and the Caribbean*. Development Policy Review, 24 (5): 513-536; and Bénédicte de la Brière and Laura Rawlings (2006), *Examining Conditional Cash Transfer Programs: A Role for Increased Social Inclusion?* Social Protection Discussion Paper No. 0603, World Bank.

Latin American countries between 1997 and 2003 concluded that cash transfer programs were found to be very effective tools for reducing poverty and inequality in the long term and the relief of poverty in the short term.⁹ A number of evaluators, consultants and academics working with international financial institutions all agreed that the main strengths of CCT programs were that they “reach the poorest inhabitants directly; they promote the accumulation of human capital; they reduce poverty in the short and long term; they lower income inequality; they break the intergenerational transmission of poverty; and, finally, they are cost effective.”¹⁰

Country specific impacts vary, but point towards positive trends. An assessment of the Nicaraguan CCT program showed decreased rates of extreme poverty among CCT households by 33% and simultaneous increased domestic expenditure by 18%. This is in addition to an increase in school attendance rates and a decrease in child labour.¹¹ In Honduras, there was a 15-21% age point increase in the use of health services. Stunting, a measure of nutritional well-being, was reduced by 10% age points, by 5.5 points and by 7 points in rural Mexico, Nicaragua and Columbia respectively for children in CCT programs.¹²

In Egypt, the CCT initiative also presented some positive results. In the relatively short time it was operational, the program had a direct impact on increasing the number of patients at the local health centre in Ain el Sira, and on encouraging NGOs to develop an after-school activities program for neighbourhood children. Moreover, due to the design of the program, and an emphasis on the citizenship component built in, women felt more empowered by expanding their networks, enhancing their knowledge of their rights and responsibilities, and having more direct control over the cash transfers, and therefore ensuing household decisions.¹³

In addition to positive beneficiary results, the CCT program also had a positive impact on the administrative infrastructure related to social services delivery. More than 200 social workers were trained on efficient implementation of the program and on monitoring the participating families.¹⁴ Subsequently, this impacted the dynamics of social workers in the field, and prompted review of poverty criteria used for eligibility in the program. The result has been evidence based policy recommendations for changes in social protection policies.¹⁵

Policy Implications

A successful CCT program should ideally target the extreme poor, have a unified approach for multi-service delivery, and requires a very high degree of inter-agency collaboration. To effectively implement

⁹ Bouillon CP, Tejerina L. (2006), *Do we know what works? A systematic review of impact evaluations of social programs in Latin America and the Caribbean*. Working Paper, Unit Poverty Inequality, Department of Sustainable Development, International Development Bank. Washington, D.C.

¹⁰ Lomel, Enrique Valencia (2008), *Conditional Cash Transfers as Social Policy in Latin America: An Assessment of their Contributions and Limitations*. Centro de Investigacion Observatorio Social, Universidad de Guadalajara, Guadalajara, Jalisco, Mexico. http://www.development.wne.uw.edu.pl/uploads/Courses/dw_19_1.pdf
Accessed November 2013.

¹¹ A 2005 study by Adato, Maluccio, et al. in Sholkamy, Hania (2013) *Social Policies are the Missing Intervention*. Chapter in a series of papers on Social Policies Affecting Communities in Rural Upper Egypt for the Egypt Network for Integrated Development (ENID).

¹² UNDP/INP (2008), *Egypt Human Development Report 2008: Egypt's Social Contract: The Role of Civil Society*, Cairo.

¹³ Department for International Development (DFID) (2010), *Case Study: Improving the lives of girls and women in the world's poorest countries*. <https://www.gov.uk/government/case-studies/dfid-research-conditional-cash-transfers-pilot-scheme-in-rural-egypt>. Accessed November 2013

¹⁴ *ibid*

¹⁵ Sholkamy, Hania (2013) *Social Policies are the Missing Intervention*. Chapter in a series of papers on Social Policies Affecting Communities in Rural Upper Egypt for the Egypt Network for Integrated Development (ENID).

a CCT program in rural Upper Egypt certain key elements have to be considered including efficient decentralization of service delivery, partnerships with local Community Service Organisations (CSOs), and inter-ministerial collaboration for effective integration of other social interventions. There needs to be a holistic, yet flexible framework in place that is properly monitored and adjusted to meet changing needs of beneficiaries. Services should be tailored to specific needs of localities and families. It is important to note that at the core of all policy implications and recommendations is a solid monitoring and evaluation (M&E) system, for each aspect of program development, implementation, and monitoring. It must be built into the design of any program at the onset.

Legislative level

Bureaucracy and red tape are usually the most hindering aspect for people applying for social welfare programs. And often times, there are issues of corruption, favouritism, and discrimination involved. A clear system has to be put in place and, more importantly, monitored, to allow for mechanisms of redress, appeal of decisions for eligibility, as well as a process that facilitates the myriad of documents that have to be produced and presented by applicants. Greater transparency and publication of programs, processes and results has to be properly legislated to minimize corruption.

CCT programs are most effective when they are combined with other social interventions such as capacity building. Public and non-governmental organisations have to work together to develop an effective multi-faceted framework for poverty reduction. Providing a variety of integrated services and resources requires precise policies and rules to govern M&E, transparency and accountability of all partners. This may be done through a specific committee, but any governing body has to have jurisdiction and authority over the various partners in the programs.

Administrative level

Data collection, analyses, cross referencing and sharing is an imperative part of any successful program. A thorough assessment of poverty definitions and variables has to be conducted. Variables used to determine eligibility are often inflexible and need to be reviewed. The manner in which data is collected and analysed has to be adjusted in accordance with changing social, economic and political factors, which have a direct impact on poverty levels. Training should be provided and updated for all data collectors. Moreover, to minimise corruption, errors or manipulation of data, a system of revision and cross checks has to be implemented by supervisors in the field and in the office.

There are many government, non-governmental organisations, donors, and private sector institutions involved in social projects in Egypt. Yet, there is no one directory that lists all the services and resources provided. An extensive assessment of all these providers has to be conducted, and regularly updated. This will greatly facilitate the implementation of any CCT program.

The Ministry of Social Solidarity, with all its related sectors and bureaus needs an extensive institutional assessment. There are three main objectives that should be specifically addressed through such as assessment. The first is to adapt or change any social programs which are outdated, not meeting objectives, or are redundant. Second, there are areas of back log and bottle necks that create serious bureaucratic inefficiencies for both applicants and workers in the social protection system that have to be eased. Third, and perhaps most important, is the need for capacity building and mandate revision of all social workers. Workers should receive training that enables them to implement innovative programs, think critically and provide effective support to community members. Moreover, the mandate of these workers, especially those in the field, should allow them to have access to various other organisations, paperwork, and communication to facilitate the implementation of their work. And

while effective decentralization is still amiss in Egypt, the Ministry should at least begin a serious effort at decentralization in the governorates where CCT programs will be implemented.

Social level

Needs and types of interventions will differ from one locality to another. It is imperative that any CCT program be flexible enough to adapt to ever changing social needs and potentials of beneficiaries. A periodic assessment of cash conditions and interventions has to be conducted to ensure that objectives of the program are met and to adapt services provided.

The social welfare system in Egypt is mainly constructed in a manner where beneficiaries become dependent on the state. There need to be awareness campaigns and capacity building sessions that develop and enhance the concept of citizenry. Beneficiaries have to realise that they are entering into a contract in which they also have responsibilities, more so to themselves, to break out of the poverty cycle.

Recommendations

- Eligibility criteria for the CCT program need to be critically re-examined. The variables need to be flexible and should reflect current social and economic conditions in the country.
- A previous extensive assessment exists in which 65 villages were selected in Assiut and Sohag for the CCT program. A review should be conducted of this assessment, including field visits, to determine whether conditions have changed, and to select the target villages.
- Mapping of activities by CSOs in intended target areas in Upper Egypt has to be conducted. The aim is to provide complementarities, not competition, in the services provided. This will facilitate the process of developing a list of the integrated interventions for the CCT program.
- Social workers who received training for the Ain el Sira CCT program, should be utilized effectively in any CCT program. In addition to implementing field work, they can also provide peer training to those who will work in Upper Egypt.
- Impact evaluation tools have to be built in the design and development phase of any CCT program. M&E also needs to be participatory and qualitative in nature to capture the perceived quality of life improvements than cannot be measured qualitatively.

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