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Key Findings from Midline Evaluation of Egypt's Forsa Graduation Program

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Forsa is a pilot economic inclusion program implemented by the Ministry of Social Solidarity (MoSS) in Egypt. The goal of the program is to graduate beneficiaries of Takaful to economic self-reliance by enabling them to engage in wage employment or small-scale productive enterprises. The Forsa program began in 2023 after significant delays. Obstacles to implementation included the Covid-19 pandemic, Egypt's economic crisis following the Ukraine-Russia war, and administrative challenges with procurement approvals.

This policy brief highlights key findings from the midline survey conducted in October-November 2023.¹ At this point, MoSS reported that only 29 percent of target beneficiaries had received assets, and 38 percent of targeted beneficiaries had received jobs. We assess current participation and program implementation in the survey sample, report on the results of a randomized experiment to test new messaging strategies on households' interest in the Forsa program, and utilize the community-level randomization of the Forsa program established at baseline to test if access to the Forsa program has a causal effect on livestock ownership.

As described in the Forsa Pilot Program and Evaluation Plan policy note², IFPRI designed a cluster randomized controlled trial of Forsa in partnership with the MoSS. Eligible communities were randomized at the sub-village level between control and treatment to determine where Forsa was offered (treatment) or not (control). However, while Forsa originally targeted households in treated pilot sub-villages, there were notably major challenges with enrolling households in these predominately rural villages to wage employment, both due to the location and because the profile of potential Forsa participants was difficult

¹ A full report on survey findings is available at: <https://doi.org/10.2499/p15738coll2.137034>.

² <https://ebrary.ifpri.org/digital/collection/p15738coll2/id/135878/rec/2>

to match to employer requirements. So instead, the wage employment implementation opened eligibility criteria to nearby areas, including district centers. Of the 7,754 households interviewed in the baseline survey,³ the midline survey successfully re-interviewed 7,545 households (97.3%) and supplemented the sample with 210 replacement households (2.7%).

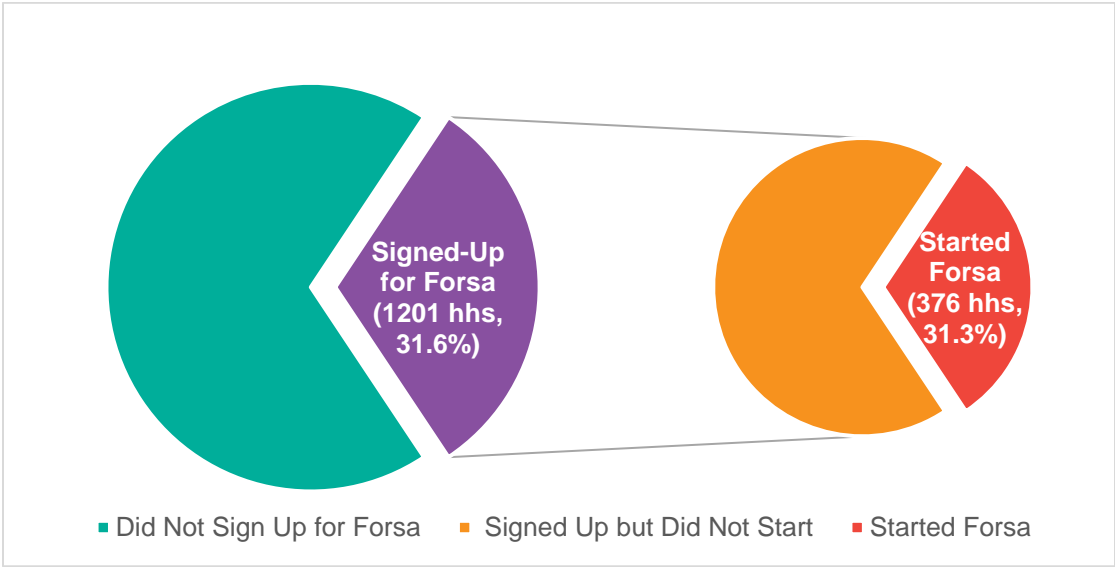
Forsa registration

In the midline survey, **of the 3,798 Forsa eligible households surveyed in treatment communities, 68 percent had not signed up for Forsa**, citing unfamiliarity with Forsa and uncertainty over Takaful program continuation as their main reasons. Specifically, 78 percent of these households reported reasons related to unfamiliarity with the program, such as not having heard of Forsa, wanting to sign-up but lacking the knowledge of how to, believing that the program is unavailable in their village or that they are not eligible. Additionally, around one-third of Takaful recipients indicated they fear losing Takaful benefits upon joining the Forsa.

Individuals who signed up to participate in Forsa are 83 percent female, an average of 37 years old, and have completed 6.3 years of education on average. Relative to the average adult from an eligible household at baseline, **individuals who signed up for Forsa are much more likely to be women, slightly less educated, and earn significantly less monthly income.**

Surprisingly, in spite of concerns about potential to lose Takaful benefits, **Takaful-recipient households have signed up for Forsa at very similar rates as Takaful-rejected households.** Among Forsa-eligible households in the sample, the proportion of non-Takaful recipients who signed up for Forsa is around 32 percent compared to 31 percent for Takaful recipients.

Figure 1: Forsa sign-up rate and status in treatment communities



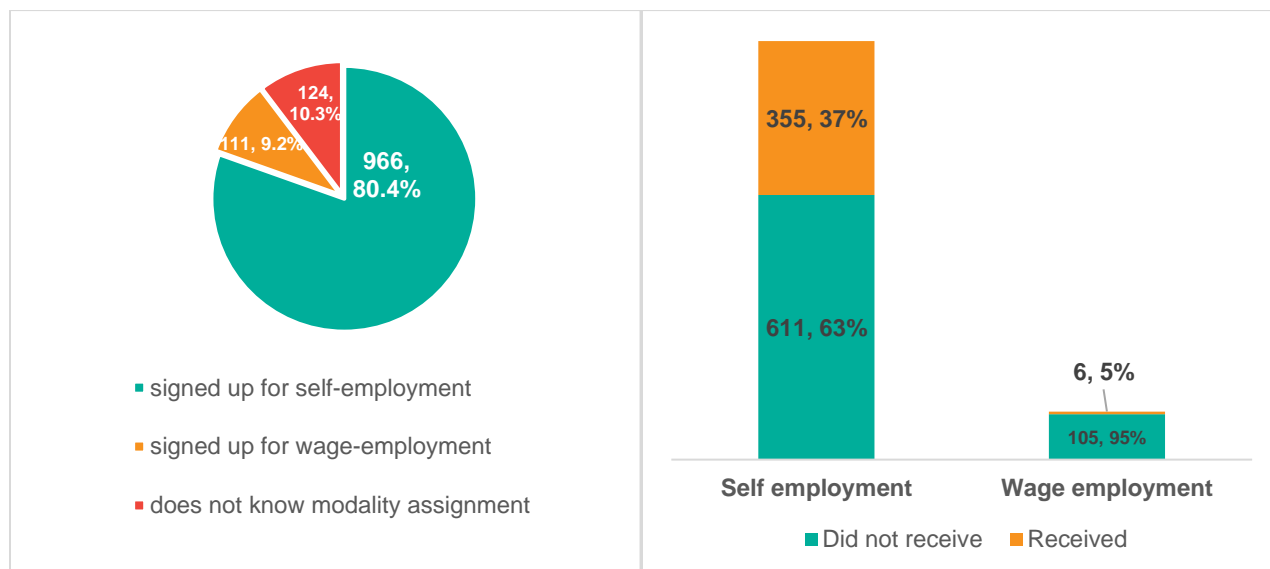
³ Baseline survey results: <https://ebrary.ifpri.org/digital/collection/p15738coll2/id/136467/rec/3>

Assessment of Progress on Main Intermediate Outcomes

As implementation was still in progress, the midline survey focused on measuring immediate program delivery outcomes for the 1,201 households that signed up for Forsa rather than final household welfare outcomes.

- **The majority of households (81%) signed up for the self-employment modality and, of these, 37 percent had received the asset by the time of the midline survey.** However, rates of sign-up and asset receipt vary across the eight governorates. For example, Beni-Suef has the most sign up (167 hhs) but only 9 percent have received assets, while Luxor has had lower sign up (55 hhs) but 69 percent have received assets.

Figure 2: Percentage of Households who Signed up for Forsa by Modality



- Households reported that **78 percent of assets remained in good usable condition while 22 percent of assets were in bad condition** or, in some cases, livestock had gotten sick and died.
- While the sample size is small and households had only received assets for a short period of time, it is suggestive that on average, **most households receiving assets are not yet reporting positive profits, highlighting the need for transitory consumption support.** Notably, of households that had received a Forsa asset, the vast majority had received sheep and goats (85%), followed by poultry (7%), sewing machines (5%), and food retail equipment (4%). For sheep and goat raising, costs being higher than revenue is unsurprising in the short-term as returns depend on the age of the animal.
- **Only six participants indicated having received a job through the wage-employment modality, out of which four have already left the job** citing long commutes, childcare responsibilities, and low wages. The low numbers are likely related to the shift in targeting of the wage employment modality, but also indicate the challenge of implementing wage employment modality in rural areas.
- **Training offered through the Forsa program received positive feedback with 89 percent of participants reporting they found it useful or very useful.** Of households in the asset self-

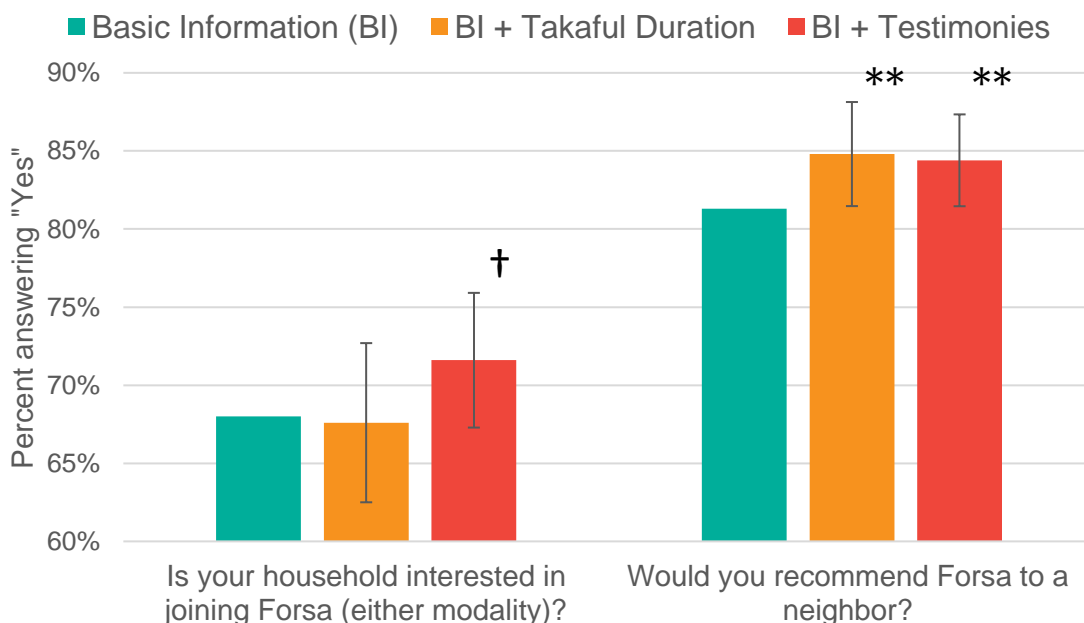
employment modality, 48 percent had received training of one to two sessions that mostly covered asset-specific skills or project management, and 40 percent received at least one (and an average of three) follow-up session. Of those in the wage employment modality, 17 percent had received training of two sessions covering mostly job skills and possibly financial literacy or business management.

Messaging Experiment

To test the effect of new messaging strategies on interest in the Forsa program, we implemented a randomized controlled trial (RCT) by embedding a video message produced by MoSS at the end of the midline survey. Households were randomly assigned into one of the following treatment arms, which determined the contents of the video message to be viewed by the respondent: 1) *Basic Information*: a brief description of Forsa containing information already shared in informational sessions and previously in the survey; 2) *Takaful Duration*: Basic Information + note that Takaful beneficiaries who join Forsa will continue to receive cash transfers for at least 6 months (the first time that MoSS communicated this policy directly to eligible program participants); and 3) *Testimonies*: Basic Information + four testimonies from Forsa participants (3 asset modality, 1 wage-employment modality), who described their experience with the Forsa program thus far.

The new messaging strategies had a positive impact on interest in Forsa overall and particularly on recommending it to others. Relative to *Basic Information*, we find that additional information on *Takaful Duration* had no statistically significant effect on interest in joining Forsa and increases interest in recommending it to others, countering predictions of a strong negative effect. Moreover, we find that *Testimonies* increase interest in joining Forsa and in recommending it to others. These findings suggest that both messaging strategies, and particularly testimonies, are effective at increasing interest in and likely take-up of the Forsa program.

Figure 3: Messaging Experiment Treatment Effects on Interest in Forsa



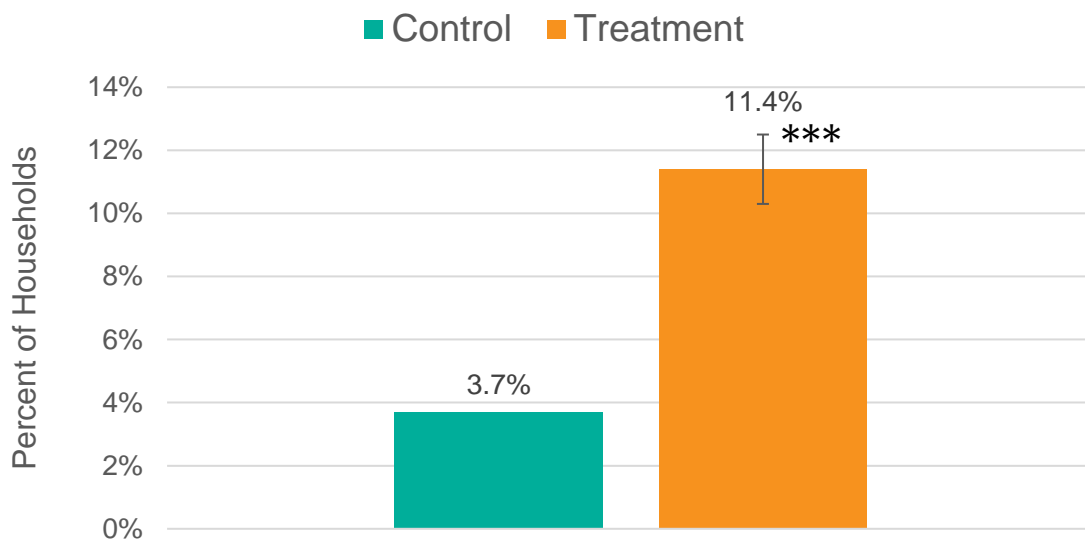
Notes: Outcomes shown beneath each group of bars. Sample 1 is Forsa non-participants only (N=2614). Sample 2 includes all households (N=3838). Error bars represent 95% confidence intervals. Significance levels: *** p<0.01, ** p<0.05, * p<0.1, † p=0.106.

Evaluation of Forsa Impacts on Livestock Ownership

Surveying both control and treatment households allows us to estimate the causal impact of the Forsa program. These estimates identify impacts caused only by the Forsa program itself and not by any other factors such as participant characteristics or changes in the Egyptian economy that also affect household outcomes. Given the small sample size and the short period of time since assets had been delivered, we focused on evaluating the impact of the Forsa program on household asset ownership.

Households in Forsa treatment communities are more than three times as likely to own sheep or goats than households in control communities. Specifically, only 3.7 percent of households in control communities own any sheep or goats in the midline survey, while 11.4 percent of households in treatment communities own sheep or goats. Given that in the baseline survey livestock ownership was similar between treatment and control, we can confidently attribute this increase in sheep and goat ownership to the Forsa program. If they own any, households own an average of 2.2 sheep or goats. Thus, the Forsa program led to a sizable increase in small ruminant ownership in these communities.

Figure 4: Treatment Effects on Household Ownership of Sheep and Goats



Notes: Outcome is an indicator equal to 1 if the household reports owning any sheep or goats, and 0 otherwise. Error bars represent 95% confidence intervals from Table 6.1 column 1. Significance levels: *** p<0.01, ** p<0.05, * p<0.1.

Policy Recommendations

Based on the findings of the midline evaluation, a few key policy recommendations emerge:

1. **Demand exists for a poverty graduation program like Forsa** with nearly one-third of households eligible to sign up for Forsa signing up so far. However, sign up is more limited than previously expected and, indeed, not all households may be ready to transition from Takaful cash transfers to a poverty graduation program. Therefore, MoSS should likely adjust expectations for the scale of participation in Forsa.

2. **Moving forward, the Forsa program should likely focus on the self-employment modality rather than the wage-employment modality.** There was significantly more demand for the self-employment modality and progress on intermediate indicators in the originally targeted villages is much stronger for the asset modality than for wage-employment modality.
3. **Forsa program implementation, especially at the beginning, should be accompanied by monthly cash transfers that offer transitory support.** Among households that have received assets through the self-employment modality, the vast majority reported negative profits in the last month. Whether this is due to the seasonality of livestock revenue or that households were “saving” their assets for a time of greater need, this fact suggests that assets do not immediately provide a stream of income to meet monthly cash needs in the same way that Takaful does. Thus, households may still need Takaful early in the Forsa program so that they are not forced to “eat into” their Forsa assets to pay for required monthly expenditures.
4. **The tested messaging strategies can help MoSS increase interest and awareness of the Forsa program.** First, informing households that Takaful benefits will last for six months following the successful start of the Forsa program does not deter interest in Forsa and, in fact, increases the likelihood of recommending it to others. Moreover, showing eligible households testimonies from actual Forsa participants who describe their experience with the program both increases interest in joining Forsa and in recommending it to others, likely by updating their belief in expected monthly income they can earn from a Forsa asset.

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