

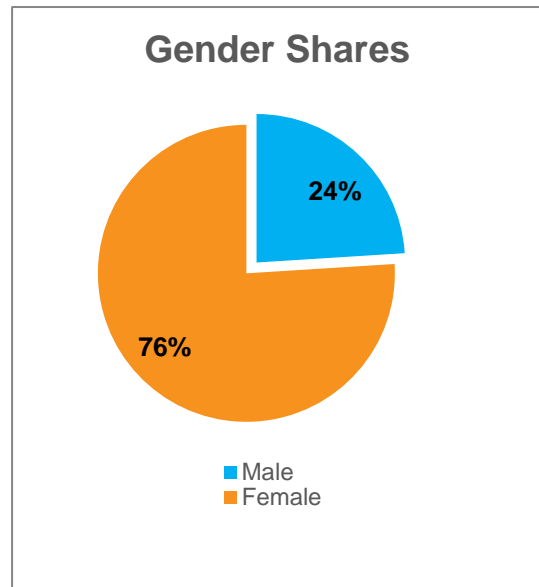
Forsa Pilot Evaluation Baseline Survey Results

Atef El Shabrawy, Daniel O. Gilligan, Sikandra Kurdi, Martin Paul Jr. Tabe-Ojong, and Basma Yassa

The Forsa program, launched in 2021 by the Egyptian Ministry of Social Solidarity has been designed as a graduation program targeted to current beneficiaries of the Takaful cash transfer program. To understand how well Forsa supports household income generation and to better understand the beneficiary household characteristics which may relate to program success, the International Food Policy Research Institute in collaboration with the Ministry of Social Solidarity is running a randomized control trial of the pilot Forsa program (see IFPRI MENA Regional Program Policy Note 21 for more details on the program and evaluation design).

A baseline household survey collected in January-February 2022 provides a detailed picture of the eligible households in the targeted communities, including the employment situation and work-related skills of the household members intending to participate in Forsa. The household survey data was collected in the eight governorates of the pilot: Beni-Suef, Sharqia, Qalyoubia, Luxor, Fayoum, Menia, Souhag, and Assuit. 24 households Forsa-eligible households were surveyed in each of 323 communities: 16 households from the pool of current Takaful beneficiaries and 8 from the pool of Takaful rejected applicants. The final sample size was 7,752 households. Each household was asked whether they were willing to enroll in Forsa and, if so, which household member would participate in the trainings. **83% of sampled eligible households indicated willingness to enroll in Forsa.** The large majority of these (77%) indicated a preference for the self-employment track.

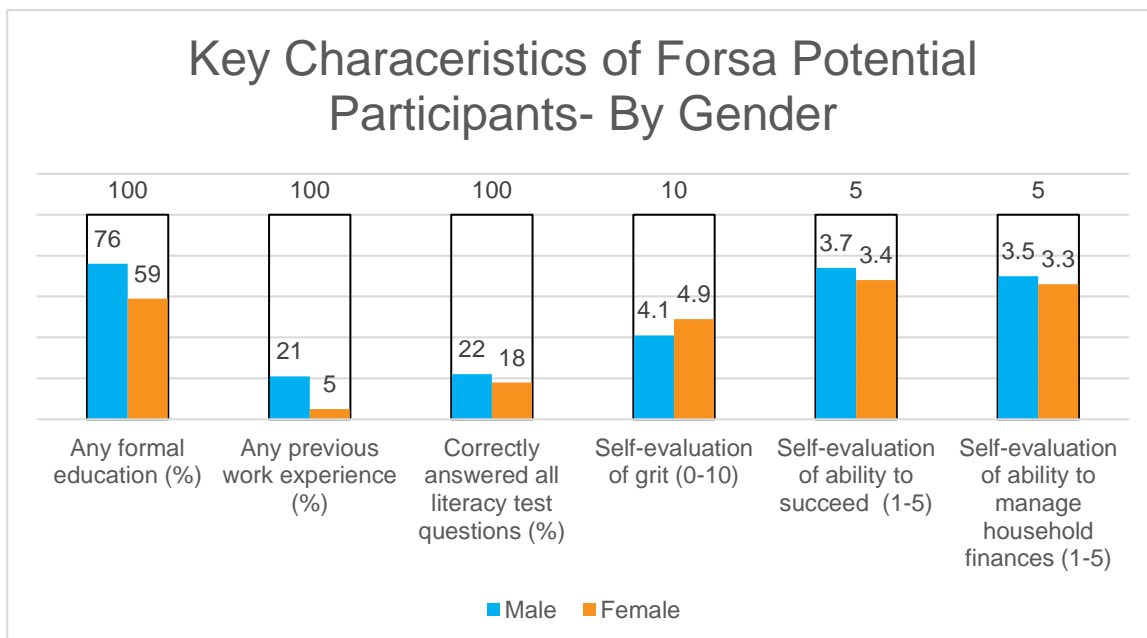
Households primarily nominated females as Forsa participants. Males represent only 24 percent of the nominated participants by eligible households. Nominated female participants are somewhat younger (34.7 years) on average compared to male nominated participants (38.6 years), have fewer years of education (5.9 years versus 7.6 years), and more caretaking responsibilities (17.0 versus 2.4 hours per week).



Only 8 percent of nominated Forsa participants have worked previously (20 of males and 5 percent of females). Approximately 50 percent of males have made some attempts to find work in the past compared to only 15 percent of females. Approximately 25 percent of adults in Forsa eligible households are employed, mostly in irregular wage employment (73 percent). Employed individuals work an average of 16 days per month and earn a wage income of about 1628 EGP per month. Among those not currently employed, only 12 percent would be able to start work within two weeks, primarily because of housewife duties. There is a small, but non-trivial share of household heads and working age sons and daughters that are unemployed and willing to work that could be targeted as Forsa participants even in households that did not nominate them as the participant. According to key informants in the targeted communities, unemployment is very high with an average of 44 percent of males and 60 percent of females who want to work unable to find a job and more than 40 percent of household receive remittances.

When asked a hypothetical question about the lowest wage they would accept for different job types, potential participants surprisingly indicated that informal jobs are slightly preferred, with an average wage requirement of about 120 EGP higher for a formal job than for an informal. This indicates a lack of value attached to having a written contract and formal benefits. The potential participants also strongly prefer a job within or close to the local area over an outside job even if transportation is provided. The additional amount they require to accept formal employment with a one-hour commute if transportation is provided is on average 531 EGP.

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Literacy skills are low, especially for females, while self-reported soft-skills including management and interaction skills, grit, and self-efficacy are medium-level. Less than 2 percent of Forsa beneficiaries used a computer in the last 3 months; about 11 percent of them can drive a car or a tricycle while 3 percent are able to drive a truck. **About 14 percent of potential Forsa participants suffer from chronic illness** such as diabetes, asthma, cancer, heart disease, high blood pressure, and hepatitis which makes them to miss about 5 workdays per month.

Access to bank accounts or financial services is very low, though respondents generally answered basic financial literacy questions correctly. The potential participants' self-assessment of their skills in taking informed and reasonable decisions for the household's finances and money-management on a scale from 1 to 5 is approximately 3.3, which is between reasonably skilled and well-skilled.

Women reported less influence over decisions on major household expenditures, on use of transfers or ration card, on participating in wage employment, and on household enterprise than on other domains. On a 1-4 scale, women's average reported level of influence on decisions related to their household enterprise was 2.3. They also attach about 2.5 degree of importance for them to be able to influence decisions in this sphere.

When asked households a hypothetical question about whether they would prefer to enroll in Forsa or remain in Takaful, only approximately 35 percent of respondents preferred Forsa, compared to 58 who preferred Takaful (the remainder gave inconsistent responses depending on the scenario of how long Takaful beneficiaries would continue receiving cash transfers after joining Forsa). Rumors about discontinuity of Takaful transfers upon registration for the Forsa program created widespread fear and caused behavioral change session attendees to try to avoid mentioning that they had already signed up for Forsa even to the household survey enumerators.

Policy Recommendations:

1. **Define and communicate Takaful eligibility timeline.** The common belief that Takaful transfers are indefinite creates a large disincentive to enroll in Forsa. Inconsistent communication on this aspect of the program creates distrust and opens it up for rumors. The policy of Takaful eligibility lasting for 3 years and Forsa enrollees losing access to Takaful after the transition period (unless they successfully re-apply due to a change of circumstance in the future) needs not only to be defined legally but also credibly announced. Even after an official announcement, households that do not expect to make profits with the asset transfer may not be motivated to join Forsa.
2. **Allow the least confident household to drop out of Forsa.** Truly poor households that lack confidence in their ability to make profits from the asset transfers should be allowed to opt for the certainty of receiving Takaful transfers. When households are given the freedom to self-select between Forsa and Takaful, households with better non-cognitive skills and less risk aversion are more likely to enroll in entrepreneurship training. This implies that letting least confident households drop out can improve the average potential to benefit from Forsa.
3. **Maximize the attractiveness of the Forsa package for Takaful beneficiaries.** Forsa needs to show a good probability of exceeding short-term benefits of cash transfers to avoid excessive drop-out. The program needs to clearly communicate the benefits that will be offered and commitment to on-going mentoring. Also, it may be worthwhile to keep a long period of complementary cash transfers to be more in line with successful graduation

- programs in other countries and allow beneficiaries more time for their projects to become profitable.
4. **Replace households that have dropped out.** The program should prepare for the potential that households that previously expressed interest no longer want to join Forsa. To address this, the program could expand the share of households in the pilot from the Rejected group (e.g., currently 30% could increase to 50%). The program may also allow new sign-ups from households among the Takaful beneficiary group that did not attend the behavioral change sessions.
 5. **Continue with the current plan of keeping training sessions open to other household members.** The widespread nomination of a wife/mother as the potential Forsa participant is likely based on incomplete understanding of the Forsa program. It may be necessary to (re) advertise the wage-employment track towards husbands or older sons and daughters of enrolled women who chose the asset-transfer track. Moreover, participation in training/mentoring sessions should remain open to any household member rather than restricting to specific participants.
 6. **Anticipate participants' need for support.** Forsa participants have limited literacy skills and work experience. Mentoring should be maximized to the extent possible, and training designed with this background in mind. Trainers should also promote the value of women's participation in Forsa with household heads to avoid conflicts on decision-making about employment and household production.

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