



ENHANCING THE EFFECTS OF SOCIAL PROTECTION CASH TRANSFER PROGRAMS WITH BEHAVIORAL SCIENCE

AGENDA

- I. ideas42- who we are and where we work
- II. Behavioral science background
- III. Relevance to cash transfer programs
- IV. Project overview
- V. Testing results
- VI. Looking forward

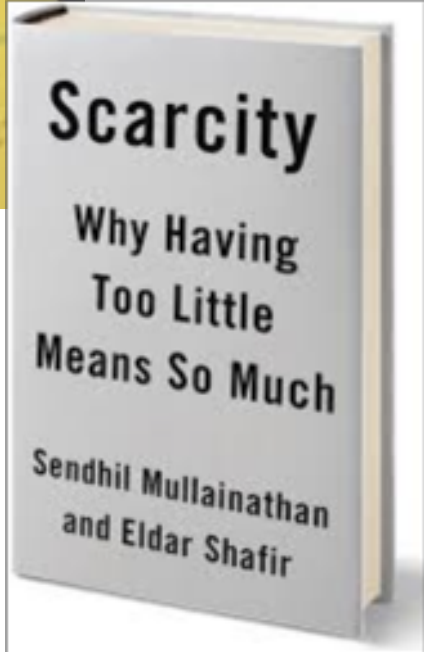
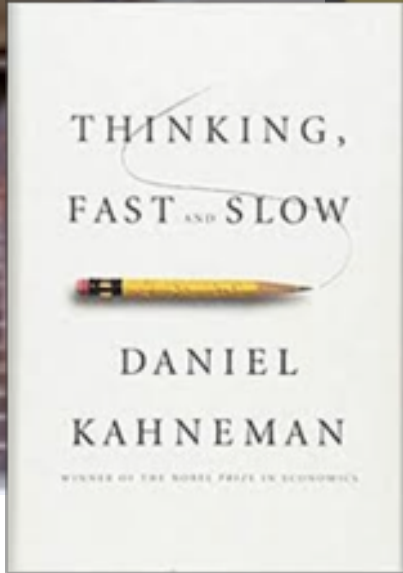


ideas⁴²

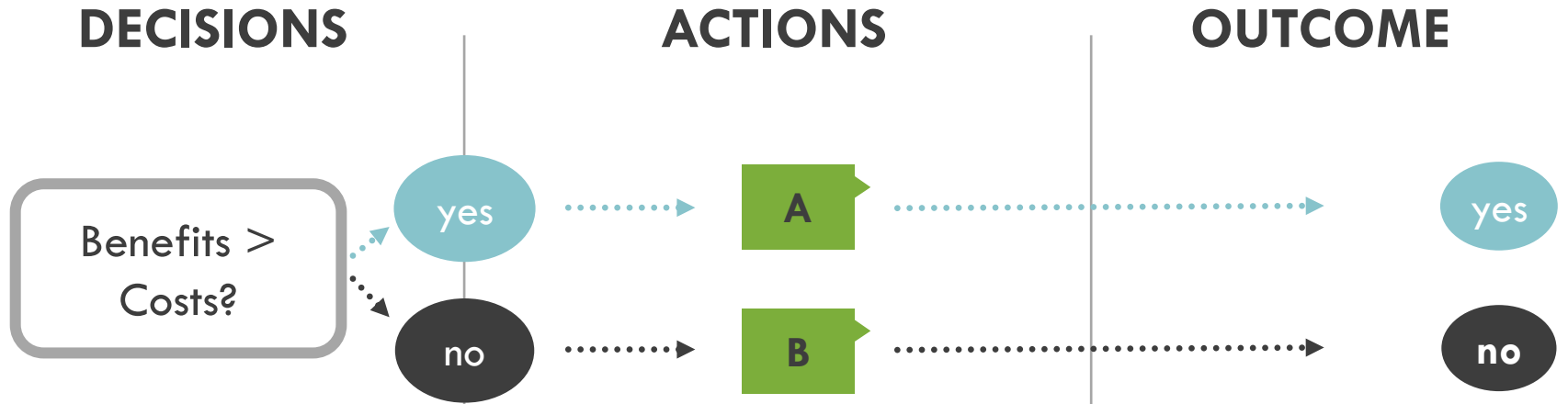
We use a deeper understanding of humans to **reinvent the practices of institutions, create better products and policies, and teach others**, ultimately striving to generate lasting **social impact** and promote health, wealth, justice, and sustainability for all.

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WEIRD THINGS WE OTHER PEOPLE DO



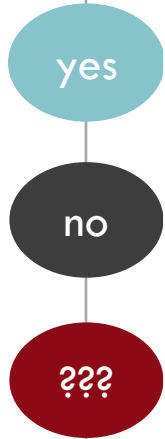
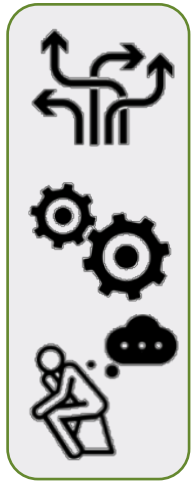
THE STANDARD MODEL OF HUMAN BEHAVIOR



we decide "yes" if benefits $>$ costs
action naturally follows from decision

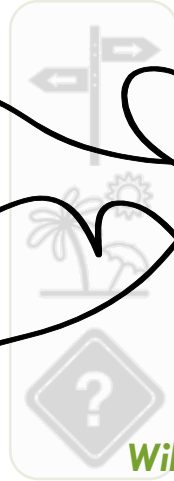
HOW WE ACTUALLY BEHAVE

DECISIONS



Failed to choose, didn't consider at all, and this looks like "no"

ACTIONS

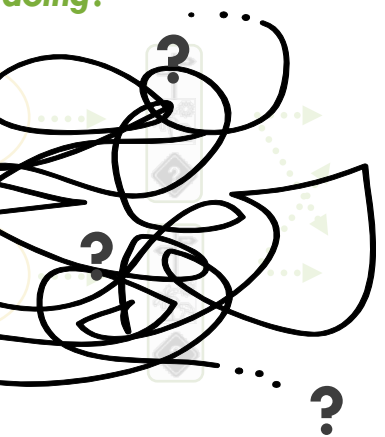


Will it take long?

Process often changes decision

OUTCOME

What's everyone else doing?



Can I just do it tomorrow?

CASH TRANSFERS IN THE FIGHT AGAINST POVERTY

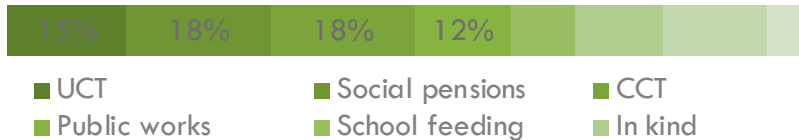
Extreme poverty is still common

Worldwide: **736** mil. people

Sub-Saharan Africa: **413** mil. people

**as of 2015*

SSN spending in Sub-Saharan Africa



Boom of Cash Transfer programs





DEMAND FOR INNOVATION

Expanding from middle-income to **low-income** countries

Conditional programs work, but are **expensive** to monitor, present **logistical challenges**, and can be **paternalistic**.

Growth in **unconditional** cash transfer programs (UCTs)



HOW BEHAVIORAL SCIENCE CAN BE USED TO ENHANCE UCTS

Most UCTs **do not help** beneficiaries
use the money effectively

Beneficiaries are especially
vulnerable to **behavioral biases**

CTs present **opportune moments** for
intervention



Focus on the cash

- How can we get more cash into the poor's hands?
- How can we make sure the cash reaches the right people?
- How can we minimize leakage/inefficiency?

Focus on the people

- How can we help people spend the cash the way they want to?
- How can we empower beneficiaries to make careful decisions?
- How can we reduce the mental burdens of poverty and unlock hidden potential?

IDEAS42 CASH TRANSFERS WORK



ideas42 work

- Deployed and evaluated interventions
- Upcoming projects
- Designed interventions



NATIONAL SAFETY NET PROGRAM (NSNP) - KENYA

- Bi-monthly cash transfers to support basic livelihood and productive inclusion outcomes
- Targets persons with severe disabilities, the elderly, and caretakers of orphans and vulnerable children
- Reaches 8 million households



PRODUCTIVE SAFETY NET PROGRAM (PSSN)- TANZANIA

- Nationwide program with the objective to enable poor households to increase incomes and opportunities while improving consumption
- Currently 1.1 million beneficiaries
- Components include livelihoods enhancement (UCT) and cash-for-work aspects



PRODUCTIVE SAFETY NET PROGRAM (ACT-P)- MADAGASCAR

- Cash-for-work program for vulnerable but able-bodied individuals
- Offers cash payments for performing community payments during the lean season
- Beneficiaries are the 'ultra-poor'- living on less than \$1.25 per day.



DEFINING THE PROBLEM IN PRACTICE: DESIRED BEHAVIOR IN TANZANIA

Support beneficiaries in spending cash transfer funds in optimal productive activities

“The small market I started with the cash transfer is my family’s main source of income now”

“I want to save more, but it is very difficult for people like us”



WORKING WITH BENEFICIARIES TO IDENTIFY BARRIERS IN TANZANIA



1

Saving and investment are private, consumption is public

2

Focus on capital-intensive productive activities sometimes becomes a barrier to pursuing attainable goals

3

Focus on today's payment only

4

Consumption needs urgent today

FOCUS ON TODAY'S PAYMENT ONLY

"I don't know how much I receive over a 6 month period"

- Beneficiaries highly aware of today's payment amount
- Don't always think about how their payment could be used if **saved/combined** over multiple transfers

"I can't calculate how much I get in a year"



DESIGNS FINALIZED AFTER TESTING WITH BENEFICIARIES


WHAT IS ONE THING YOU DO VERY WELL?

 Care for others	
 Take care of my family	

HOW WILL YOU ACHIEVE IT?

In one year, my goal is to

I will save:



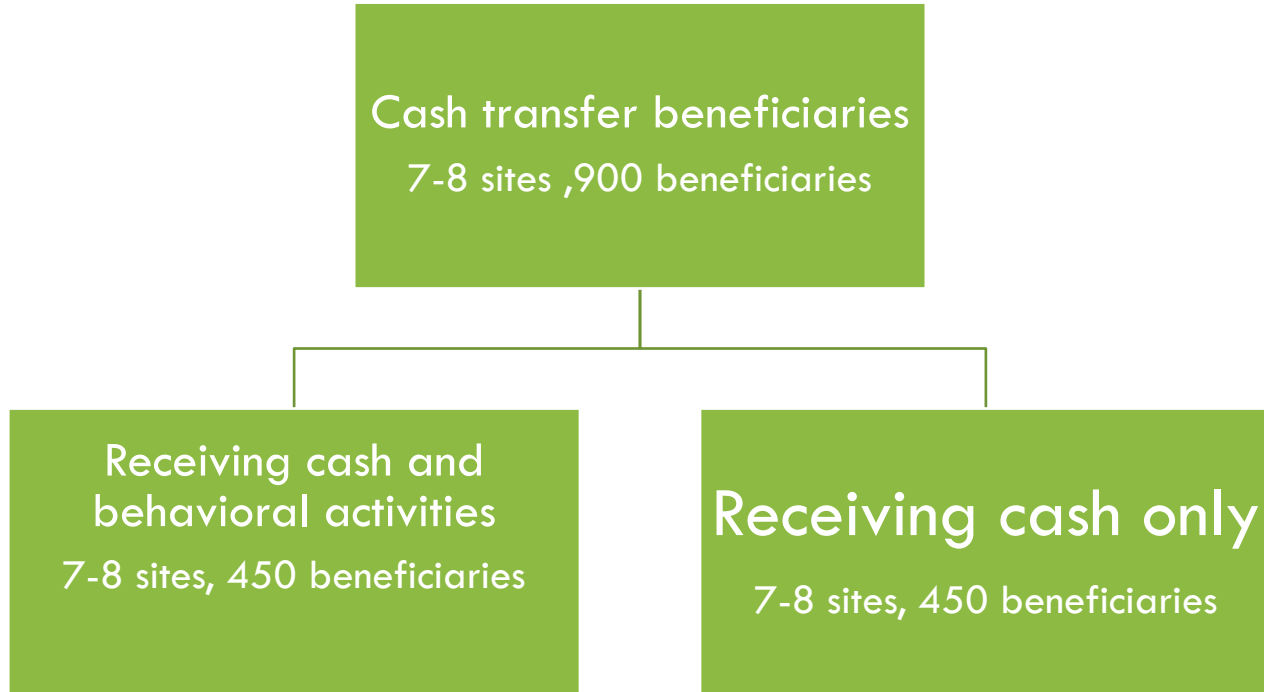
TZS

TO IMPROVE MY FAMILY'S WELFARE, I WILL:

 Buy livestock	 Learn a new skill (e.g. sew, weave, make soap)	 Buy manure, seeds, or fertilizer for my farm	 Buy cement, roofing sheets or bricks to expand my home	 Do something else
 Buy school uniforms and books for my children	 Cook and sell food	 Buy school uniforms and books for my children		



INITIAL TESTING



ITERATIVE TESTING IN KENYA AND TANZANIA

	Primary Goal	Randomization method	Sample size	Statistical rigor	Relative cost	Duration
Phase 1	Initial test of content effectiveness	Individual	900 households	High	Low-medium	1-2 months
Phase 2	Test of implementation effectiveness	Cluster	64 clusters	High	High	6 months

WHY ITERATIVE TESTING?

- **Refine designs** at each testing stage to increase effectiveness
- **Refine implementation strategy**
- Gradual path to **scaling up** designs



TESTING CONTEXT AND DETAILS


- 900 beneficiary sample
- Individual randomization
- 4-6 week time frame
- Control group activity



MAIN RESULTS: TANZANIA


Intention: Set a goal and plan how to use the cash



Outcome	Effect
Incidence of productive goal	 .03*


Action: Allocate cash according to plan



Outcome	Effect
Incidence of savings	 .08**
Percent of transfer saved	-.01
Incidence of borrowing	-.03
Complete repayment of debt	.00

Follow-through: Make productive investments

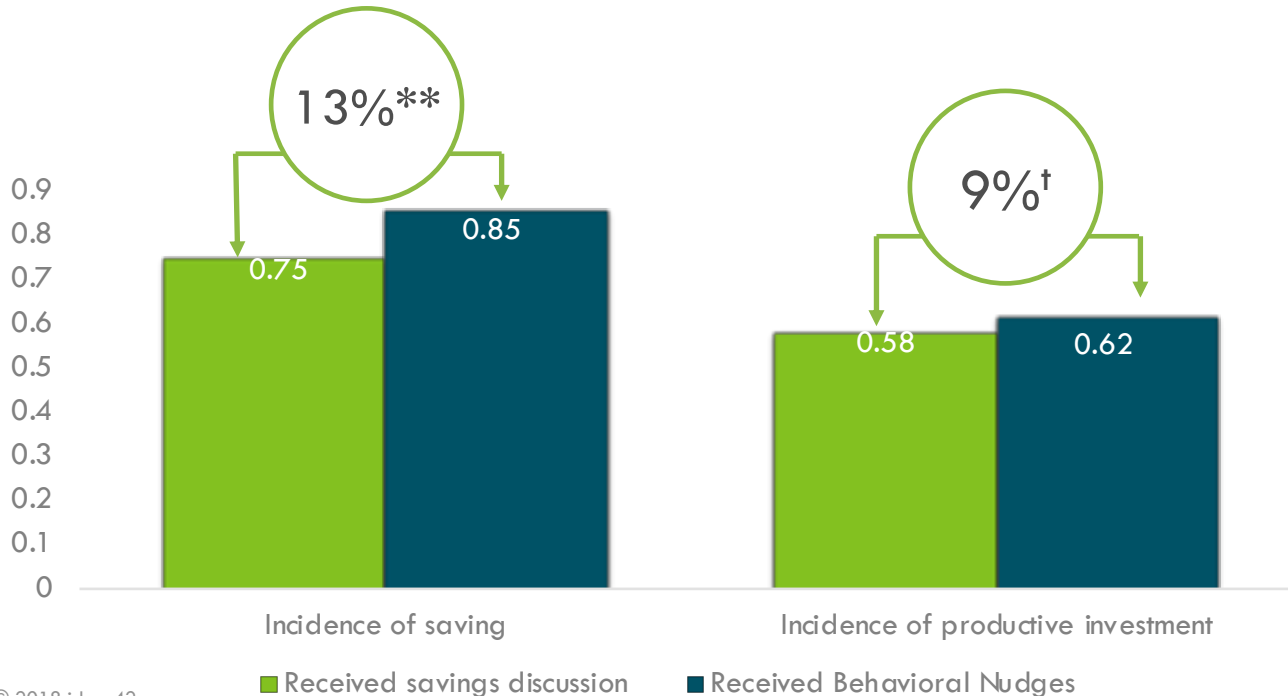


Outcome	Effect
Incidence of productive investment	 .05†
Percent of transfer invested productively	.03

Model includes demographic controls and value of outcome at baseline. Numbers in arrows are regression coefficients and represent % difference in treatment group. (*p<0.1, **p<0.05) superscript '†' means the coefficient shows significance in some but not all models.

SIGNIFICANT INCREASES IN INCIDENCE OF SAVINGS AND PRODUCTIVE INVESTMENTS

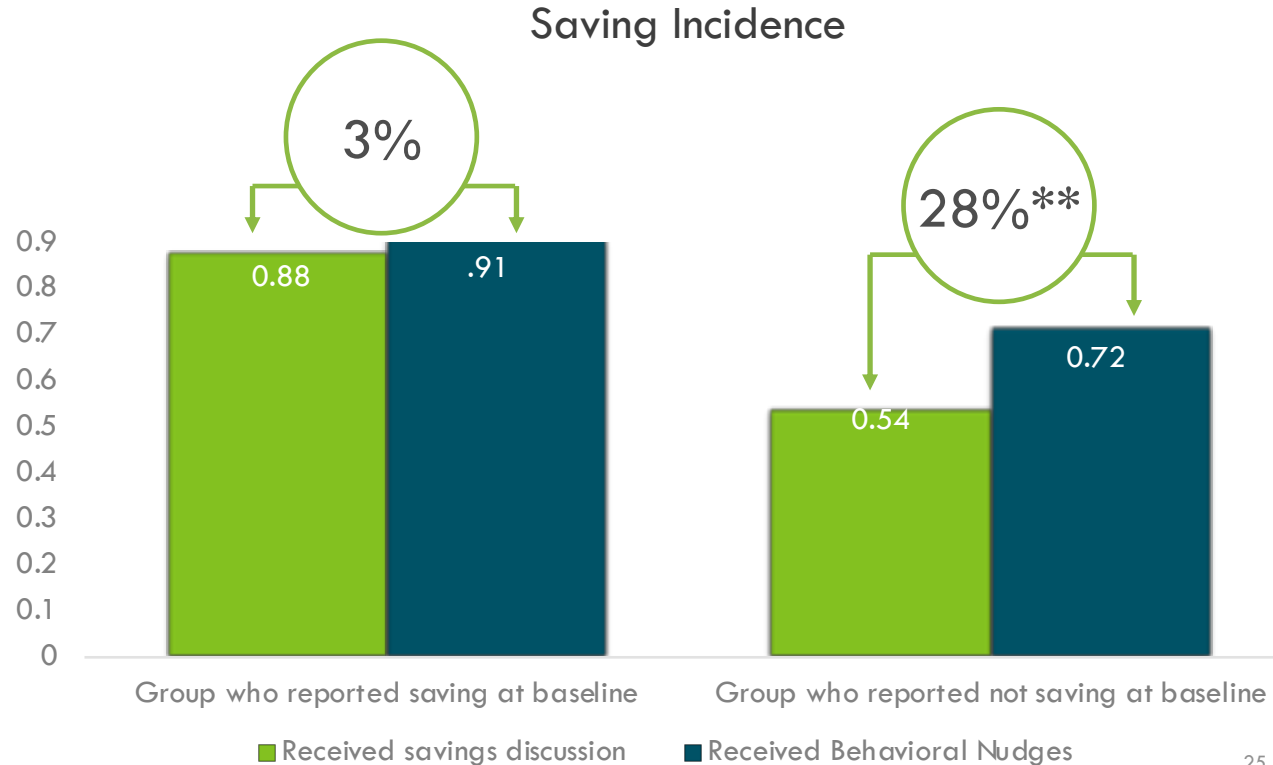
Means for Key Significant Outcomes



Those who received the behavioral nudges were **13%** more likely to **save** (59 more people) and **9%** more likely to **invest productively** (41 more people).

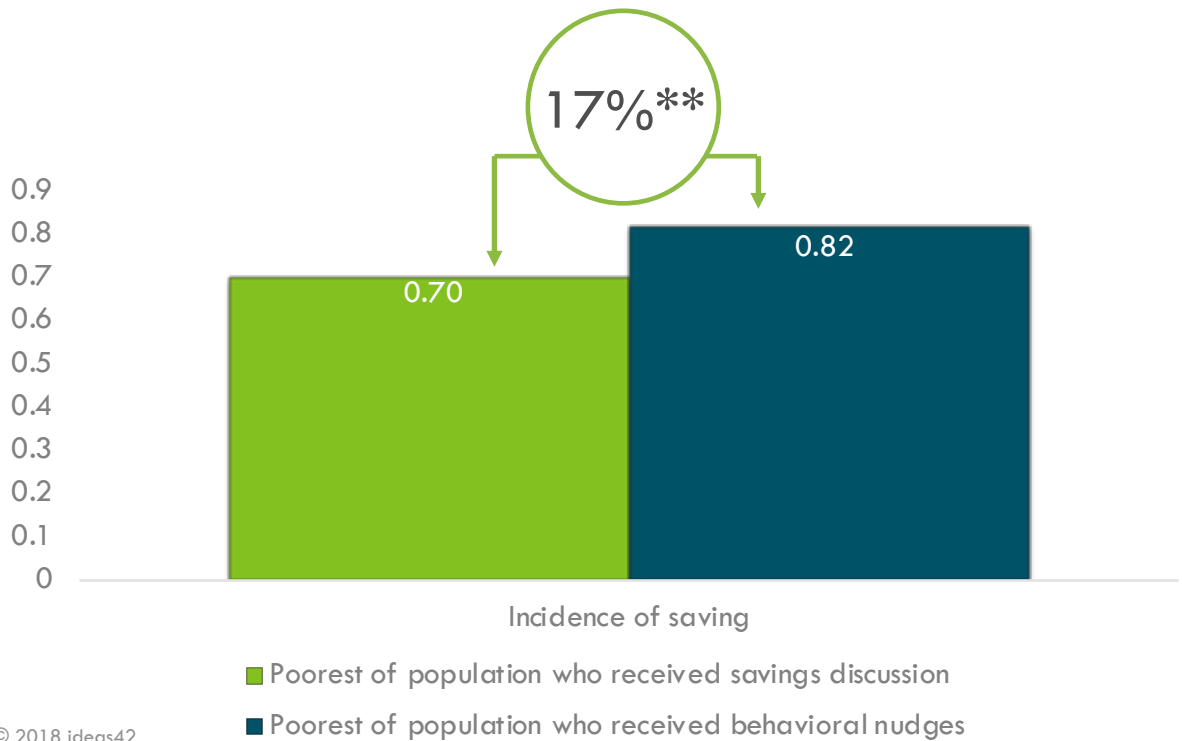
INCREASE IN SAVINGS DRIVEN BY THOSE WHO DID NOT REPORT SAVING AT BASELINE...

Among those who reported not saving at baseline, those who received behavioral nudges were **28%** more likely to **report saving** (40 more people)



...AND WE FIND DIFFERENTIAL EFFECTS ON SAVINGS FOR THE POOREST OF THE POPULATION

Incidence of Saving for the Poorest



Heterogeneous effects found that for the poorest half of the population, those who received the nudges were **17%** more likely to **save** than those who did not (38 more people saving)

MAIN RESULTS: KENYA

Intention: Set a goal and plan how to use the cash



Outcome	Effect
Incidence of productive goal	↑ .07**

Action: Allocate cash according to plan



Outcome	Effect
Incidence of savings	.01
Percent of transfer saved	↑ .05 [†]
Incidence of borrowing	-.01
Complete repayment of debt	↑ .14*

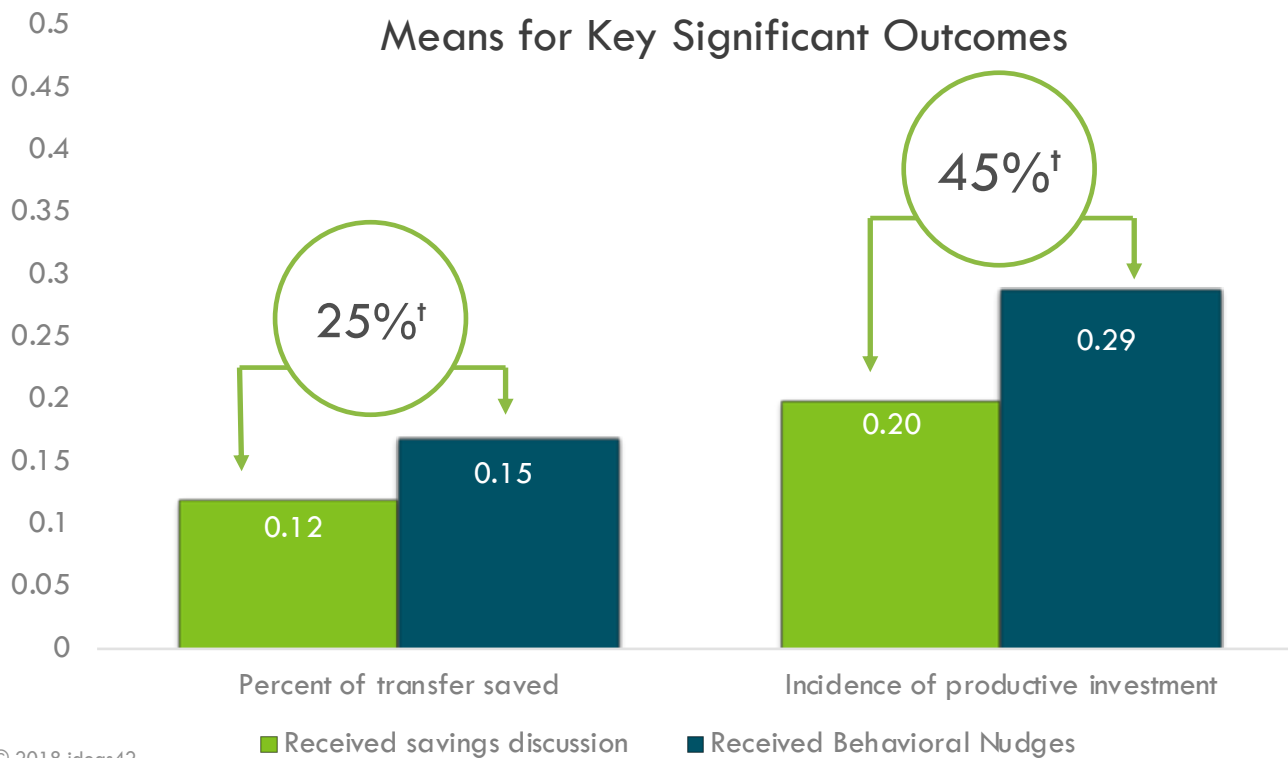
Follow-through: Make productive investments



Outcome	Effect
Incidence of productive investment	0
Percent of transfer invested productively	.03

Model includes demographic controls and value of outcome at baseline. Numbers in arrows are regression coefficients and represent % difference in treatment group. (*p<0.1, **p<0.05) superscript '†' means the coefficient shows significance in some but not all models.

SIGNIFICANT INCREASES IN SAVINGS AND DEBT REPAYMENT IN KENYA



Those who received the behavioral nudges saved **25% more** (equivalent to 600 KES, or 6 USD) those who had borrowed money were **45%** more likely to completely **repay**.

TESTING IN MADAGASCAR

	Primary Goal	Randomization method	Sample size	Statistical rigor	Relative cost	Duration
Phase 1	Initial test of content effectiveness	Cluster	4 villages	High	Low	1-2 months
Phase 2	Test of implementation effectiveness	Cluster	1 600 households	High	High	1 year

MAIN RESULTS: MADAGASCAR

Action: Allocate cash according to plan



Outcome	Effect
Incidence of savings	.40**
Incidence of livelihood investment	-.11

Well-being: Make decisions that improve household well-being



Outcome	Effect
Missed meal over past week	.08
Regret spending over past week	.00

Model includes demographic controls and value of outcome at baseline. Numbers in arrows are regression coefficients and represent % difference in treatment group. (*p<0.1, **p<0.05) superscript 't' means the coefficient shows significance in some but not all models.

LIMITATIONS AND NEXT STEPS

- **1-2 month time frame-** may be too soon to see conclusive results regarding productive investment activities
- **Control group activity (Kenya and Tanzania)-** if the savings discussion and hand-out contributed positively to savings, the true impact of our designs are actually larger
- **Longer-term testing is underway-** we are preparing to launch the next phase in Kenya and Tanzania, and currently completing analysis for the next phase in Madagascar.

KEY TAKE-AWAYS

- Cash transfers are key programs in the fight against poverty, and they can be designed to be more efficient using behavioral science
- Evidence for short and mid-term impact: having productive goals, savings, productive investments
- Layering decision-making and follow-through support onto cash transfer programs increases **impact** and is **cost-effective**

QUESTIONS?

